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HELICOPTER CRASH - A U.S. Army Chinook helicopter crashed Saturday, killing 46 persons, as 10,000 spectators watched at an air show in Mannheim, West Germany. Page 2.

French Force Caught in Beirut Clash

By Loren Jenkins
Washington Past Service
BEIRUT — Fighting broke out
Sunday between Moslem militia-

men and Lebanese Army soldiers in the no-man's land that divides the Moslem and Christian sectors of Beirut, as the final French contingent of the international peacekeeping force prepared to return

The four-hour battle, the most severe since the international force came to Lebanon to oversee the evacuation of the Palestine Liberation Organization last month, caught a French army convoy ferrying supplies to the port, setting off the explosion of one of its ammunition trucks and burning two other army vehicles.

The French incurred no casualties and withdrew without firing, despite a wild outburst of machine gun fire and rocket-propelled gre-

The battle, in the Ras el-Nabeh neighborhood near the recently reopened Sodeco crossing point between the city's two sectors, immediately reinforced apprehension that with the premature withdrawal of the international force the tenuous peace might collapse into

The worst fears, however, were

tempered by the fact that the Leb-anese Army, which has been deployed in positions previously oc-cupied by the PLO fighters, weathered its first real test since being reconstituted three years ago after its collapse in 1976 at the height of the 18-month civil war between Christians and Moslems.

The army's test was not without bloodshed. Lebanese national tele-vision reported Sunday night that one soldier had been killed and 13

It also reported that an undeter-mined number of militiamen, from a leftist group known as the Par-tisans of Revolution, had been killed and injured. Two civilians were reported to have been killed by stray bullets.

There were conflicting reports of how the battle began, but army sources and the national television reported that it started when a member of the Partisans of Revo-lution, which has long controlled the area around the Sodeco crossing, opened fire on a convoy of cars carrying Moslem politicians to the Christian town of Bikfaya to meet with President-elect Bashir Gemayei whose election the Moslems bitterly opposed last month.

According to the army source, a

have been charged with re-establishing government authority in West Berrut, arrested the man who fired on the convoy, but were forced to free him when surround-

After the invasion of Lebanon, Israeli-Egyptian trade ties remain static. Page 2.

Muharak says Reagan should go ahead with his Mideast peace proposais. Page 2.

ed by other members of the leftist

group.

The army was called in, setting off the battle that raged for four hours before petering out at night-fall. Scattered shots continued after dark. The army moved into the area with armored personnel carriers and trucks mounted with heavy machine guns. Rocket-propelled grenades fired into militia positions in an apartment set the build-

Prime Minister Shafiq al-Wazzan, who has been instrumental in negotiating with Beirut's Moslem leaders to convince them to allow the police to assume control of the city, went on television Sunday night to urge everyone to back the

By Henry Tanner

New York Times Service

Even Syria, the leading hard-

mensurate power. Yasser Arafat, leader of the Palestine Liberation

Organization, was another key par-

The Fez meeting also broke new

"Any attack on the army is unacceptable," said Mr. Wazzan, a Moslem. "The army that is totally supported by all Lebanese and all factious must be supported fully in order to succeed in its mission at a time when the country is at the brink of new bope and release."

The fight in Beirut almost eclipsed continuing tension along the cease-fire lines between Israel and Syria in the mountains east of Beirut, along the Beirut-Damascus

For the third time in a week Israeli jets attacked Syrian SAM-9 anti-aircraft positions near the town of Dahr al-Baidar, six miles (nine kilometers) beyond Israel's positions around the village of Bhamdoun A unit of the PLO last week captured eight Israeli soldiers at Bhamdoun.

Israeli military spokesmen reported in Jerusalem that the air raid Sunday knocked out another four-missile SAM battery, bringing to six the number destroyed in the

past week. The attack came as the Israeli cabinet issued a new warning to Syria that it would not tolerate continuing cease-fire violations in

Fez Is Victory for Arab Moderates

Reagan Plan, Lebanon Invasion Help Create New Unity

bush Friday of an Israeli Army jeep in the area in which three Israeli soldiers were killed and one was wounded.

ESTABLISHED 1887

An Israeli cabinet spokesman, Dan Meridor, warned Syria after the cabinet meeting that Israel would neither accept continuing case-fire violations nor put up with a long war of attrition in Leb-anon against the Syrian and PLO units that occupy Lebanon's Bekaa Valley. Syria is reported to bave about 25,000 soldiers in the area and the PLO as many as 10,000.

The 2,100-man international peacekeeping furce for Beirut was made up of U.S. Marines, French Foreign Leginnnaires and para-troopers and Italian sharpshooters. Their mission was to guarantee the safe evacuation of the PLO from Beirut as well as to belp the Lebanese Army establish government authority in West Beirut.

The force was originally to stay for 30 days at the request of the Lebanese government. But with the PLO evacuated, the United States, worried about the exposure of its marines in Beirut, last week withdrew its 800-man force after Lebanon. The remarks had been only 16 days. The Italians followed prompted by the capture of the a day later.

of the principle of self-determina-

tion. If that principle is not accepted by the United States, the nego-

tiations are apt to collapse.

Arab intellectuals and officials

generally raise two questions about

Mr. Reagan's proposals. When the president said he did "not support" the creation of an independent Palestinian state, they ask, did

he leave the possibility open that such a state might be established

Hua Dropped From Politburo

By Christopher S. Wren New York Times Service

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REIJING — Mao's chosen successor, Hua Guofeng, was dropped from the Chinese leadership Sunday while older party veterans hing onto their sinecures.

Mr. Hua's name was conspicu-ously missing from the new Politburo and its inner circle, the Standing Committee, whose members were elected Sunday by the first plenary session of a new Cen-

The omission means the conclusion of a declining political career by the man who followed Mao as prime minister and party chairman only to lose both jobs in a power struggle with Deng Xiaoping, who remains China's dominant leader. Mr. Hua, 61, is left only with a

token seat on the new Central Committee, whose composition was amounted before the 12th party congress ended Saintday.

Rest Unchanged The rest of the Standing Committee remained unchanged, contrary to expectations of some Chinese as well as foreign diplomats that Ye Jianying, 85, and his elderly colleagues would be encouraged

Mr. Deng's apparent inability to get Mr. Ye and other Politburo members such as Nie Rongzhen, 83, and Xu Xiangqian, 80, to step down was seen by some diplomats

By Carl Gewirtz

1974, bankers report.

donal Revold Tribuni

push through a planned rejuvenation of the party's leadership.

But another theory is that Mr.

Deng, after failing to budge the elders, took a tack that could prove as successful. He packed a half dozen of his supporters onto the new Politburo, which was ex-panded from 22 to 25 members.

There have been remors that Mr. Deng also planned to diminish the Politburo's power by transferring much of its authority to the secretariat, which handles the party's daily business.

Hy Yaobang, 67, one of Mr. Deng's proteges, was named party general secretary, as expected. His other title, party chairman, which he took from Mr. Hua, was abolished by the congress because it had become too identified with the Mao personality cult. The posts of deputy chairman, which Mr. Deng and Mr. Hua held, were also climi-

Mr. He and Prime Minister Zhao Ziyang, who jointly presided over Sunday's meeting, are now expected to enjoy a freer hand in policies, with Mr. Zhao handling the economic side and Mr. Hu the ideological and political.

Mr. Deng was re-elected Sunday to the chairmanship of the party's military commission, which gave him control over the armed forces. He was also expected to become chairman of a new central advisory as evidence that he had failed to commission, from which he can

continue his influence over the

party.

Mr. Deng was joined on the advisory commission by only two previous members of the Politburo. Defense Minister Geng Biao, 73, and another military man, Xu

Shiyou, 76, The advisory commission was created at the congress to provide honorable semi-retirement for elderly ranking party officials. There had been speculation that Li Xian-nian and Chen Yun, both 77, as well as Mr. Ye might step down from the Standing Committee, But with Mr. Hua out, Mr.

Deng and his disciples, Mr. Zhao and Mr. Hu, should be able to carry any crucial vote in the Standing Committee. Mr. Chen, who will probably continue to head the party's watchdog discipline inspection commission, is considered sympathetic to their policies. The new Politburo members include Deputy Prime Minister Wan

Li; the armed forces chief of staff, Yang Dezhi; Hu Qiaomu, an academician who is Mr. Deng's ideolocarrying out Mr. Deng's pragmatic gist; Liao Chengzhi, who handles relations with overseas Chinese; Xi Zhongxun and Yang Shangkun, who hold leading posts in the nominal parliament; and Song Rengiong, who has headed the party's

organizational department. Mr. Hua, Mr. Geng and Mr. Xu lost their Politburo seats, though the latter two have posts on the advisory commission. Peng Chong, a

Bankers Say Global Loan Apparatus Is Seriously Strained



Hua Guofeng

former party secretary and mayor of Shanghai, was also removed. Mr. Hua, a former minister of public security, bad been accused of perpetuating leftist errors. though he was instrumental in having Mao's widow, Jiang Qing, and other radicals of the so-called Gang of Four arrested. He was also charged with trying to create his own personality cult.

His authority was undercut in December 1978, when Mr. Deng had marshaled enough support to challenge him. He was forced to



yield the post of prime minister to Mr. Zhao in September 1980 and his job as party chairman to Mr. Hu in June 1981.

Politburo average more than 70 years in age, roughly the same as the previous Politburo. By comparison, the new 210-member Central Committee has only 16 members over 70, according to the congress spokesman, Zhu Muzhi. The new members of the secretariat also appear younger, as well as better edu-

Hu Yaobang

The seven new members of the

ground by prescribing a procedure for discussions. The leaders said they will appoint a committee that will gather information on behalf of the Arab world and make contacts, specifically with the United States and the other permanent members of the United Nations Security Council, the Soviet Union, France, Britain and China. The Arabs' approach may not please Washington. U.S. policy-

INSIDE

Friday's veto defeat could mean that President Ronald Reagan Will have to choose his fights with care.

Party insiders predict that it may be weeks before Hans-Dietrich Genseber decides between taking his Free Democrats out of West Germany's ruling coalition or continuing to support Chancellor Helmut Schmidt. Page 4.

A scientist has found fragments of herpes virus in the tumors of cervical cancer patients, adding to evidence that such infections may play a role in the development of Page 2. CARCET.

MA report on Japan as it nears the parliamentary elec-tions in November appears in a special supplement. Page 5S.

makers had boped that one or two Arab leaders, most likely King Hussein of Jordan, would step for-ward, as President Anwar Sadat of Egypt had done, to join negotia-tions with the United States and Israel in the Camp David frame-

This was not in the cards, however. Arab diplomats said they wanted "quiet diplomacy," with the Fez plan and President Ronald Reagan's recent proposal serving

NEWS ANALYSIS

as the basis for the discussions. Given the gap between the Arabs and Americans and the even wider division between Arabs and Israelis, the period of exploration is likely to last a long time. Mr. Arafat reportedly will be on

a seven-member negotiating committee but the PLO leader is expected to go only where he is welcome, King Hassan II of Morocco said after the Fez meeting.

As seen in Amman, King Hussein has been thrust into a pivotal role. Jordan is expected to be represented on the committee that will conduct the talks. Others may include representatives from Saudi Arabia, Syria, Morocco, Tunisia, along with Chedli Klibi, the Arab League's secretary-general.

Jordanian officials have made clear that they will consider it a point of honor to state the Palestinian case forcefully and that they are discussing talks through "par-allel negotiating teams."

No Hussein Mandate

The Fez declaration reiterated that the PLO is the sole representative of the Palestinian people; King Hussein received no mandate to negotiate for them. For many Jordanians, that outcome is just about right. The king emerged with a leading role, but he is staying within the overall Arab framework and is not made vulnerable by a personal mandate that could

Time may be short. Palestinian sources have said privately that be-fore leaving Beirut the PLO leaders agreed to refrain from violent action in Arab countries for six months but not longer unless they see signs that their demands for a homeland were being heeded.

Arab analysts suggest that there is plenty of time, probably years, tn reach a full-fledged settlement but very little time to establish an understanding on the Palestinians'

later, even over U.S. objections? And, the wonder, will the United States prevent Israel from building more settlements in the West Bank? As the Arabs see it, that is the crucial test of Israeli inten-

New Situation

The sudden display of Arab unity resulted partly from the new situation created by Mr. Reagan' proposals, which broke with the former pattern of U.S. diplomac There was a growing realization among the Arabs that only the United States can bring peace. The moderate Arab leaders therefore concluded that it was up to them to give the administration something with which to work.

Even the hard-liners were amonable because Syria also wants U.S. belp in mediating Syrian-Is-raeli disengagement in Lebanon. Arab regimes were also stirred

to act by their feelings of helplessness in the Lebanon war and the fear that their own populations, lo-cal as well as Palestinian refugees and immigrants, would turn against them.

Finally, Arab officials and intellectuals say they now feel an un-precedented sense of urgency. Their regimes have never before felt so acutely that Israel posed a threat to their security, and not only to the Palestinians and the countries adjacent to Israel.

As long as Israel was content to "colonize" the West Bank, southern Lebanon and the Sinai, the situation seemed remote for many Arab leaders But now Israel is seen as "an imperialist regional power" that reaches far into Arab territory, said Sayed Yassin, an Egyptian writer

■ China Praises Summit Talks The People's Daily, the Chinese Communist Party newspaper. praised the Arab leaders who met in Fez, saying Sunday that their peace proposal was a forceful, postive alternative to the U.S. initiative. The Associated Press reported

from Beijing.

PARIS - The Euromarket's trillion-dollar interbank market in Activity in the syndicated loan market plummeted in August amid asked that he not be identified. final three years. which banks around the globe of-"If you look at the U.S. econo-The most evident sign of the current stress in the interbank fer their temporary excesses of my and ask what has changed so growing worries about the ability drastically that the [U.S. interest] cash for other banks to borrow, is of major borrowers to repay their market is what bankers call tiering. showing the most serious signs of strain since the liquidity crisis of rates should by themselves have

come down so low, I don't find anything," he said, echoing a wide-ly held view that the Federal Re-The danger is that the strain serve's recent easing of interest rates is a measure of its concern could affect the syndicated loan market, whose banks divide the credit and financial risks in supfor the well-being of the international financial system. plying the foreign exchange needs countries from Argentina to Bankers insisted that the current

Zaire. The fear is that such lending situation is by no means as serious, could come to a halt, further com-plicating the ability of major bor-rowers to pay their foreign bills and threatening the collective deyet, as in 1974, when the collapse of Bankhaus Herstatt, a relatively small West German bank, almost asphyxiated the interbank market when banks withdrew offering funds or sharply cut the amount of deposits they were willing to exfault of nations. "If you had the same conditions in the U.S. money market today as tend to the bundreds of small instiyou had eight weeks ago, with all

the other things that are going on tutions that comprise the market. \$200 million—is for Pacific Light-today, this [interbank] market Coordinated central bank action at would be in dire trouble," said a that time saved the market from point over Libor for the first two senior U.S. bank executive who

year's \$133-billion volume.

A \$500-million loan for two
Venezuelan state electricity com-

over the prime rate. The only other loan of size -

loans. Total new credits syndicated this year — about \$61 billion may fail to reach the \$70-billion volume of 1978, a shadow of last

panies is in deep trouble. The eight lead managers who underwrote the eight-year deal have found only one Kuwaiti bank willing to join as a co-lead manager, and managers privately admit chances of syndicating the loan are nil. Interest is set at one point over the London interbank offered rate or % point

years and half a point over for the

This means that some banks or groups of banks have to pay more than others to attract deposits, endangering the already thin profits of many banks operating in the Euromarket. Tiering reflects a concern about

the well-being of specific banks and is also a sign that some banks have reached their internally set limits on how much they are willing to lend to banks in certain countries. "There is a country limit problem that's developing — Can-ada may he one example, and we get the feeling that some lenders even have a country limit on

France," a continental banker reported. Liquidity, while currently ample, is also a concern.

Tens of billions of dollars that should be flowing into the market are not — the result of the 90-day moratorium on payments declared by Mexico, the most heavily indebted borrower in the market and the temporary suspension of interest and principal payments by Poland, Romania, Costa Rica and Cuba as they seek to reschedule their debt burdens. In addition, more than half a billion dollars of loans may have been lost in the collapse of Banco Ambrosiano's

non-Italian subsidiaries. Also, the tens of billions of dollars of deposits that Eurobanks had been receiving from OPEC countries have also evaporated along with the once-huge OPEC surplus. Since mid-1981, OPEC (Continued on Page 17, Col. 1)

U.S. Arms-Control Fight Pits Director and Senator



By Murrey Marder Washington Post Service

WASHINGTON - A seething dispute over arms-control policy has grown up within the Reagan administration and between the administration and hard-liners in Congress, One question has become whether Eugene V. Rostow will continue as director of the U.S. Arms Control and Disarmament Agency.

The immediate issue is Senate confirmation

of two acting Rostow aides, whose nominations have been held up for six months by Senator Jesse Helms, Republican of North Carolina, and others. Among other things, it is no longer clear how much political capital the White House is willing to expend in behalf of the nominees, whom Mr. Rostow has stoutly supported.

But the two nominations are only pawns in a broader battle over how the United States should proceed in the two sets of nuclear armscontrol talks under way with the Soviet Union in Geneva.

Critical Memo

The leader in the conservative opposition is Mr. Helms, who has used confirmation fights in the past to win policy changes. But within the administration, the presidential adviser on national security affairs, William P. Clark, has also become involved.

Late last month Mr. Clark reportedly wrote a memo to Secretary of State George P. Shultz. Some sources say it was critical of Mr. Rostow and Paul Nitze one of the U.S. necotiators in ...

The memo is said to have complained that Mr. Rostow and Mr. Nitze exceeded their instructions in dealing with the Soviet Union, which supporters of both men vehemently

deny.

Members of the anti-Rostow forces do not speak with one voice. But Mr. Helms says the Russians have repeatedly violated arms-control agreements in the past, and he wants the administration to stress that point. Their great fear, they say, is an accord with the Russians that lacks adequate provision for "verifica-

On the opposite side, Mr. Rostow's supporters in the administration say the "thunder offstage" is really an attack on the president himself and any possibility of realistic arms control with the Soviet Union. Mr. Rostow spoke in Los Angeles last week about the two sets of nuclear negotiations in Geneva, one conducted by Mr. Nitze and the

other by Edward L. Rowny. In these negotia-tions, Mr. Rostow stressed, "the United States has made it clear that verification measures capable of assuring compliance are indispensa-In this case the dispute began at the outset of the administration over the personnel and policy of the arms-control agency. The agency

the SALT-2 arms pact, negotiated in 1979 by the Carter administration. Mr. Rostow, a conservative Democrat, has been reported to be on the verge of recionation

is anything but a haven for doves; its most senior officials were all leaders in the attack on

vote on the two aides. However, a spokesman said last week that Mr. Rostow "has no intention of resigning.

At stake are the jobs of Robert Grey and Norman Terrell. Mr. Grey, who is acting as deputy director, is one of Mr. Rostow's closest friends and was his executive assistant when he was undersecretary of state in the Johnson administration. Mr. Terrell is the acting assistant director of the agency's bureau of nuclear and weapons control.

Longtime professionals in government service, the two men have been assailed nevertheless as "Carter holdovers," out of time ideolog-ically with the 1980 Republican platform charge that a cover-up of Soviet violations of arms control began under the Nixon administration and continued through the Ford and Carter administrations. The conservatives' main mark against Mr.

Grey is that his Foreign Service experience was interrupted from 1969 to 1971, when he served as administrative assistant to Senator Alan Cranston, Democrat of California. Mr. Terrell, also a former member of the Foreign Service. has been under a more personalized attack and is the more vulnerable of the two politically.

At a July meeting in the office of the Senate Republican leader, Howard H. Baker Jr. of Tennessee, sources on both sides agree, Mr. Helms and fellow critics offered to confirm Mr. Grey if the administration would find Mr. Terrell another job elsewhere. Mr. Rostow instead strongly defended both subordinates.

The administration could override those votes if it were prepared to pay the price. The threat, as usual in such cases, is a filibuster against confirmation. But in this instance, the threat

exceeds normal dimensions. Mr. Heims, for example, told Mr. Rostow in a letter on July 29 after negotiations broke gown:

"If these nominations are brought to the floor, I fear that it will trigger a lengthy and divisive debate on the nature of arms control, the history of SALT-1 and SALT-2, the verifiability of those agreements, their legal standing, the Soviet record on violations and the basic assumptions of START." START is the acronym used to describe President Ronald Reagan's proposals for arms reductions.

Mr. Helms said that such a debate could show the Soviet Union that "there is little unanimity in the United States on START, and that any treaty so negotiated might meet the fate of SALT-2," which has not been ratified.

The central issue now is what position the White House will take. The president did ask Mr. Baker in June to act on the Grey and Terrell appointments, sources in the Rostow camp and the Senate leadership agree, although op-ponents of the two men have denied that.

Nevertheless, according to several White House officials, the administration is not prepared to spend further political capital on this issue. The president in recent days has been clearly seeking to repair strained relations with



Lebanon War Froze Israeli-Egyptian Trade Ties

New York Times Service
JERUSALEM — Israel's invasion of Lebanon has curtailed the development of tourist, trade and commonications links between Israel and Egypt, according to offi-

In interviews they expressed concern that a freeze placed by Egypt on such ties in June had not shown signs of thawing despite the end of the fighting in Lebanon.

"At this moment the Egyptians are not exactly in the mood for contacts," a Foreign Ministry offi-cial said. But he noted that despite fewer official meetings and the postponement of discussions on the technical details of a tourist agreement signed by the two countries nearly a year ago, "no business contracts or agreements were broken."

Education Minister Zevulun Hammer was scheduled to visit Cairo on June 14 but the visit was

postponed, the official pointed to Port Said — no contractual obli-out. And a delegation of Egyptian gations were breached or canceled, youths who were supposed to visit in August in a program that began in January did not arrive, according to Oded Cohen, who is head of the ministry's Youth and Sports Division. He said the trip had been postponed.

Foreign Ministry sources said that Egypt had been stalling over talks concerning 15 disputed de-marcation points along the newly emplaced border dividing Sinai from Israel. They said no new talks had been scheduled. There has been disagreement over the precise location of the demarcation points since Israel withdrew from the Sinai in April.

Although some talks have been stalled and some projects already agreed to in principle have not been begun - such as a ferry on the Mediterranean from Ashdod

officials added.

A spokesman for Solel Boneh, A spokesman for Solel Bonen, one of the country's largest construction companies, said there had been no changes in the volume of husiness done with Egypt. Yet the director for overseas projects. Ehud Shiloh, was evidently uncomfortable discussing the metter comfortable discussing the matter and would give no further details on the extent of the company's business with Egypt.

The director of a prosperous kibbutz industry in the north near Haifa that produces and assembles irrigation systems said the compahad sold about \$500,000 worth equipment to Egypt in the last

"Everything continued like be-fore," during the war in Lebanon, he said, asking not to be identified. Then, changing to more somber

Contrary to earlier reports quoting officials from Egypt, no orders were canceled, he said.

Apprehensions here about the funire of Israel's fledgling trade with Egypt were worsened by the differences over President Ronald Reagan's proposals for the future of the West Bank and Gaza. Highranking Israeli officials said they expected that the current ebb in the process of normalizing relations with Egypt would continue in light of the sharp differences be-tween the two countries over the American proposals, which Mr. Reagan announced Sept. I. Israel

threat to its security.

Tensions rose late last month when Prime Minister Menachem Begin declared that he would try

has rejected the Reagan plan as a

tones, he added, "but there were no developments."

Contrary to earlier reports quotwithdrawn its troops from Leba-

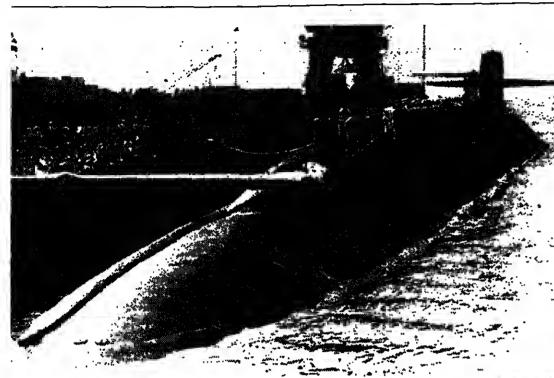
> Despite the uncertainty, Israelis were quick to observe that the 31/2year-old peace treaty had with-stood what they called the test of the war in Lebanon.

"My feeling is that the relation-ship that Egypt maintained with us during the campaign is even to a certain extent surprising," remarked Zvi Nevo, the director of tourist relations with Egypt. The fact is that they have an ambassador here and we have one sitting

Mr. Nevo, describing what he said was a positive change, said there were indications that Egypt had recently considered altering border-control regulations to ento resume the long-stalled talks on autonomy for the Arab inhabitants courage tourism to Sinai.



FINAL PREPARATION — An Italian officer inspected his troops before their departure Saturday from the port of Beirut. The 530-man Italian contingent of the peacekeeping force arrived Aug. 25 to help oversee the evacuation of the PLO and Syrian lighters from Lebanon.



The Michigan being commissioned in Groton, Connecticut.

Deterrence Is Theme at Trident Ceremony

By George C. Wilson

Washington Post Service
GROTON, Conn. — The second
of the nation's new Trident missile submarines, the Michigan, has for-mally joined the fleet Saturday in a commissioning ceremony that dramatized the choices President Reagan confronts as he tries to modernize the nuclear arsenal.

Admiral K.R. McKee sounded the day's theme Saturday from the speakers' platform on the 560-foot-(168-meter-) long Michigan, when he said: "Deterrence works and we

Admiral McKee, who replaced retired Admiral Hyman G. Rickover as head of the Navy's nuclear propulsion program, declared that the \$1.5-billion submarine is "essentially invulnerable."

Some weapons experts, who contend that the time has come to put U.S. nuclear firepower out to sea, have forecast that no politically acceptable way will be found to make a new land-based missile in-

The D-5 missile now under development for the Trident is advertised as being just as destructive as the proposed land-based MX system and less vulnerable to at-

But, like the MX proposal, the

He said that submarines with nuclear-tipped missiles — the Michigan carries 24 — help make nuclear war look suicidal to the Soviet Union.

On Saturday, about 300 demonstrators outside the gates here of the Electric Boat Co., which is building the fleet of Tridents, protested construction of the new submarine. The protesters believe the United States and the Soviet Union already have deployed too many nuclear weapons.

The police reported that 11 protesters were arrested. Saturday's demonstration also

highlighted one problem with President Ronald Reagan's plans to deploy new missiles on land in the United States and in Western Eu-cope —public protests. It was public protests that prompted Mr. Reagan to look for an alternative to President Jimmy Carter's plan to deploy MX missiles in Nevada and Utah.

Helicopter Crash Kills Egypt Urges 46 in West Germany

MANNHEIM, West Germany
— A U.S. Army helicopter crashed
onto a highway and exploded Saturday during an international air
show, killing all 46 persons aboard as thousands of spectators

watched, officials said.

The victims were 38 civilian skydivers from Britain, France and West Germany, and eight Americans. Army headquarters in Heidelberg said the Americans from Heidelberg said the Americans. were an army officer from Heidel-berg who was also a sports para-chutist, two cameramen from the Armed Forces Network and five crew members from Coleman Barracks, north of Mannheim. One of the crew members was off duty. Mannheim police said four of

the skydivers were women. Police said they had recovered all 46 bodies Sunday.

Doris Scott, a U.S. Army spokeswoman, said experts from Fort Rucker in Alabama would fly

to Mannheim to investigate the crash. West German officials said the federal aviation office in Brunswick was also investigating. It was the worst helicopter crash recorded in West Germany. There was no official report on

the cause of the crash, but Mayor Wilhelm Varnholt of Mannheim said a bolt under a rotor hlade apparently came loose. "The transmission was ripped apart," he said. 10,000 Spectators

About 10,000 people who had gathered at the Mannheim Neugathered at the Mannham Neu-ostheim airfield for the show watched as the CH-47 Chinook helicopter plunged 1,200 feet (364 meters) to the nearby Mannham-Heidelberg highway. Two cars were hit by debris but

the motorists were not injured, police said. They said traffic was un-usually light at the time. The high-way was immediately closed and Israeli military Sea Stallion crasbed on the West Bank of the Jordan River, killing 54.

air show, which had been orga-nized to celebrate Mannheim's 375th anniversary.

A witness said a hlade apparent-

ly snapped off the back rotor minutes after the helicopter took off so that the skydivers could take a practice jump. "It just fell to the ground like a stone," a witness said. "The flames shot 300 feet

into the air."

After taking off, "the pilot radioed the control tower to say he wished to come in and land," Mayor Varnholt said. He said the pilot did not indicate that he was in

"He didn't have a chance to put down that chopper safely," said a spokesman at the Neuostheim control tower. He reported seeing the Chinook lose one hlade, then others, from the rear rotor. **Briton Missing**

Colonel Thomas P. Garigan, chief of public affairs for the U.S. Army in Europe, said the two cameramen from the Armed Forces Network were seen boarding the helicopter just before it took off. Police said the civilians killed

were 23 members of the Parachntist Club of Toulon, France, nine Britons from the Swansea Sky-divers Club and six West Germans from Mannheim. Toulon and Swansea are sister cities of Mannheim,

Officials said the Chinook was assigned to the 295th Aviation Company at Coleman Barracks in Mannheim.

A Chinook crashed on Aug. 18, 1971, during maneuvers in northon Bavaria near the East German border, killing 37 U.S. soldiers. The worst helicopter accident on record was on May 10, 1977, when

U.S. to Press

PARIS — President Hosni Mu-barak of Egypt, after conferring Sanirday with President François Mitterrand, said that President Ronald Reagan should go ahead with his peace proposals for an overall settlement in the Middle

Peace Plan

He said the Arab League sum-mit in Fez, Morocco, last week, which called for the creation of a Palestinian state with Jerusalem as its capital, did not produce the mechanism to put such a plan into

"I think it is better to give the Reagan initiative as much support as we can and to encourage the

as we can and to encourage the United States to go ahead with the peace process," he said.

Mr. Mubarak, who flew to Paris from Bucharest Sahirday morning after an official three-day visit, had a 90-minute meeting with Mr. Mitterrand at the Flysee Palace.

Shared Views

After the meeting, Mr. Mu-barak, who left for Cairo later Saturday, said France and Egypt shared views on the Middle East problem and had proposed a joint draft resolution at the United Na-tions Security Council calling for a Palestinian state. There are positive points in the

American initiative, and we also have some remarks to make about it. And we are going to say so to the United States," Mr. Mubarak said. "But I think that to sit around a table and start negotia-tions is the best way to achieve a comprehensive peace settlement."

French officials said Mr.

Reagan's plan was inspired by two principles that were central to France's Middle East policy — the recognition that countries in the area, including Israel, had a right to security and the recognition of the legitimate rights of the Palestinian people.

Arab and French diplomatic sources said one aim of the French-Egyptian UN draft resolution was to save face for the Palestine Liberation Organization after its evacuation from Lebanon.

Muharak's Skepticism Mr. Mubarak, who was exclud-

ed from the Arab summit because of Egypt's peace treaty with Israel, was skeptical about how the Arab peace plan would be carried oot. "My personal point of view is that Fez has set very good goals for solving the problem of the Middle East — mostly the resolutions that have been adopted by the international organizations," be said. "But Fez lacks the mechanism of how to achieve its goals."

Egypt, he said, is "in no particular hurry" to return to the Arab fold. "We are taking our time," he said, but added that a delegation from the Fez summit was welcome in Cairo. The summit set up a delegation to tour Arab and Western countries to explain the outcome of the Fez meeting.

Claude Cheysson, minister of external relations, took part in the presidential meeting. He said the draft resolution was complementary to Mr. Reagan's proposals be-cause they aimed at a Palestinian state.

"I must say that our position is halfway between the U.S. and Arah initiatives," he said.

WORLD BRIEFS

39 Die in Swiss Bus-Train Collision

PFAFFIKON, Switzerland - A locomotive plowed into a bus loaded with West German vacationers at a rail crossing Sunday, slicing it in two and killing at least 38 of its passengers and a railroad employee, police

The accident occurred in the early afternoon about 12 miles (19 kilometers) south of Zurich as the West German bus passed through a level crossing, officials said. They said the barrier gates were not down. A Zurich police official said the bus, coming from the southern German town of Böblingen, and the first car of the train burst into fismes on impact. The flames engulfed a nearby signal house, killing one rail-road worker inside, he said. He said that at least six passengers on the bus were injured as well as six train passengers.

3 Killed, 24 Injured in Manila Blast

MANILA — Three persons were killed and 24 wounded by a grenade explosion Saturday in Manila's tourist quarter. Police said Sunday that the blast may have been politically motivated.

A police official said Sunday that the blast may be related to a cam-

paign of violence that the government has accused dissidents of planning to embarrass President Ferdinand E. Marcos during his state visit to Washington. Mr. Marcos is to leave for the United States on Wednes-

But on Saturday, Brigadier General Narciso Cabrera, the Manila po-lice superintendant, said in a statement that the blast was caused by a fragmentation grenade that may have gone off accidentally. He ruled out any connection between the explosion and the alleged anti-Marcos cam-

Saudis Hold 21 Iranians After Rally

RIYADH — Sandi security forces arrested 21 Iranian pilgrims Sunday during a demonstration in the holy city of Medina, the third demonstration by Iranians since Tuesday, an Interior Ministry spokesman said.

He said the pilgrims were summoned to a rally in front of the Iranian diplomatic mission in Medina by Hojetoleslam Minsayi, Khoninhi, the personal representative of the Iranian leader Ayarollah Ruhollah Khoninhi to this year's Medlem pilgrimans research.

Sandi security forces broke up the rally, which featured Khomeini portraits and "banners not related to religion," the spokesman said. He said those arrested would be returned to Iran. Interior Ministry statements on the two earlier demonstrations said they involved "several

thousands," but did not mention arrests.

Bomb in Tehran Kills One, Hurts 3 LONDON - One person was killed and three-were wounded Sunday 3 415 12

in central Tehran in the third bomb blast in the Iranian capital in a week, the government's Islamic Republic News Agency reported. The blast, from a concussion bomb, brought to 21 the number people killed in bomb attacks in the city since Sept. 6, the Iranian agen

said in a dispatch received in London.

Engelab Square. It exploded when the passer-by who found it tried to defuse it, the agency added.

Explosives Defused at Ulster School

BELFAST — Bomb experts defused 700 pounds (315 kilograms) of explosives on the grounds of a school over the weekend and shots were fired at a village police station, both near the border with the Irish Republic, police said Sunday.

Police discovered six beer kegs full of explosives Friday at a school in Section 1987.

County Fermanagh. The area was scaled off for two days while the device was defused. On Saturday night at least seven shots were fired at the police station in Coalisland, County Tyrone. There were no injuries. Salis translation in Coalisland, County Tyrone. There were no injuries. Salis translation in Ireland, part of the border county of Louth was evacuated Friday to Fringht while police and soldiers checked a van believed to be carrying since any explosives. Officers had chased the van but its two occupants escaped, and said a spokesman for the Royal Ulster Constabulary. The van was carry table in the ing beer kegs, frequently used by the Irish Republican Army to disguise

Anti-Mafia Bill Is Approved in Italy

ROME — The Senate has given final approval to a bill that outle any association with the Mafia, and that gives police much wider power. to arrest Mafia suspects and their associates. The law, passed Saturday, gives law enforcement officers wide-ranging

powers to investigate the financial interests of suspected gangsters. It also allows them to broaden their use of electronic listening devices, and with killed also allows them to progress their use or executions incoming the law must be in the grant bank and financial records for criminal activity. The law must be grant to search bank and financial records for criminal activity. be published in the official register before it takes effect.

The approval of the bill was sped by the assassination of General in the included in the control of the bill was sped by the assassination of General in the included in the control of the bill was sped by the assassination of General in the control of the bill was sped by the assassination of General in the control of the bill was sped by the assassination of General in the control of the bill was sped by the assassination of General in the control of the bill was sped by the assassination of General in the control of the bill was sped by the assassination of General in the control of the bill was sped by the assassination of General in the control of the bill was sped by the assassination of General in the control of the bill was sped by the assassination of General in the control of the bill was sped by the assassination of General in the control of the bill was sped by the assassination of General in the control of the bill was sped by the assassination of General in the control of the bill was sped by the assassination of General in the control of the bill was sped by the assassination of General in the control of the bill was sped by the control of the bill was specificated by the control of the bill was specif

Carlo Alberto Dalla Chiesa on Sept. 3. General Dalla Chiesa was ap-Carlo Alberto Dalia Chiesa on Sept. 3. General Lenia Chiesa was appointed by the government in May as prefect of Palermo to lead the fight thing 2 street against the Mafia, which has been accused of killing 103 people in Sicily

Pope Links Consumerism, Terrorism PADUA, Italy — Pope John Paul II, addressing a crowd here Sunday, He is PADUA, Italy — Pope John Paul II, addressing a crowd here Sunday, He is PADUA, Italy — Pope John Paul II, addressing a crowd here Sunday,

amed a "hedonistic and consumerist society" for depriving young people of nobic ideals and turning them to terroris Addressing a meeting at the University of Padua during a 13-hour visit

to this northeastern Italian city, the pope said the nature of modern society explains forms of violence by which certain groups express their dissatisfaction, or delude themselves that they can accomplish the falla-cious projects of a new society, through terrorist acts."

Mexico Adds to Monetary Controls MEXICO CITY — The government has imposed additional monetary

controls, regulating the entry and exit of peacs in a move that could reduce or halt international trading in the weakened currency. U.S. banks and businesses along the border were expected to be hard hit by the new roling. A government announcement Priday said pesos can no longer be tak-

en from the country and can only be brought to Mexico in quantities of 5,000 or less per person. Many silver and gold items and jewelry can no longer be brought into or taken out of the country without government approval. The measures are to remain in effect until the end of 1983.

The restrictions make it difficult for people holding dollars to take advantage of weak peso rates. Signs were to be posted along the U.S. border Monday warning travelers that certain consumer products cannot be taken out of Mexico.

Pretoria Unveils Advanced Howitzer

PRETORIA — South Africa has unveiled an artillery piece that it says is the deadliest in the world, and offered to sell it to "friends" in three to The six-wheeled, self-propelled G6 howitzer has a range of up to 250

miles per hour on paved roads and can fire as many as four 155mm shells per minute on an enemy nearly 25 miles away, officials of the state-run weapons manufacturer Armscor said Saturday.

Commandant Piet Marais, the Armscor chairman, said the G6 could

miles (400 kilometers) over rough terrain, mud or sand, can cruise at 60

use all NATO-issue 155mm ammunition. It could also deliver a 155mm nuclear shell reported to have been developed by the United States, "but this is not the aim of the G6 nor is it government policy for this to happen," he said.

Poland Reports First Output Rise in 2 Years

WARSAW - Poland has reported a 1 percent rise in total industrial production during August, the

first such increase since the July 1980 strikes that led to the formation of the Solidarity independent trade union. Citing government statistics, Poland's state media on Saturday attributed the increase to economic reforms ordered after martial law

was imposed and to a 19-percent rise in output by the nation's coal, copper and sulfur mines. The reported increase adds credence to official claims that factories worked "normally" during August despite street protests called by underground leaders of Solidarity, which has been sus-

pended since martial law began Dec. 13. In a statement circulated here Friday, the union leaders con-demned police violence during na-tionwide protests on Aug. 31 and appealed for talks with Lech Walesa, the interned union leader, to

The production increase was hailed by Zycie Warszawy, a Warsaw daily newspaper, as a possible "light at the end of the tunnel." Trybuna Ludu, the Communist

of herpes virus in the tumors of cervical cancer patients, adding to

growing evidence that genital herpes infections may play an im-

portant role in the development of

The pieces of herpes virus found

in the tumors are virtually identi-

cal to fragments known to cause

malignant changes in laboratory

experiments with animal cells, ac-

cording to James K. McDougall, a

researcher at the Fred Hutchinson

Cancer Research Center here. A group of Scottish scientists in

Glasgow has recently reported a

The new findings, reported Fri-

day at the 13th International Can-

ANY U.S. BOOK IN PRINT

prevent new violence.

decline are weakening." Trybuna marketplace. Ludu said Poland, which experienced extensive growth in the mid-1970s,

has experienced a steady decline in the value of its production since 1980. Officials blamed it on Solidarity and workers strikes. Many independent economic observers, however, say that Poland's shortage of hard currency

and \$26-billion foreign debt coupled with mismanagement and faulty organization are as much to blame for the decline. Trybuna Ludu attributed the August rise to a large increase in

the output of mines and to "better ment in some plants." Poland depends heavily on exports of coal and copper to get hard cur-rency to pay its foreign debts. Although figures for individual months were not published or available Saturday, Polish officials have said that production began to drop in July 1980, when workers

laid down their tools to protest an increase in the price of meat. The Communist daily, acknowledging that a 1-percent increase was "in the margins of possible

Party daily, called it a "a basis for statistical error" warned Poles, hope." The strength of the causes of not notice the increase in the

Union Members Accused

Ideologia i Polityka, a Communist Party journal, charged Sunday that some interned Solidarity leaders are maintaining contacts with U.S. intelligence and other West-ern spy agencies, United Press In-ternational reported from Warsaw. The monthly journal said Soli-darity leaders had met American

and British intelligence agents in Rome, London and Washington. It also said that millions of dollars had been given to Solidarity by American and West German unions. On one occasion, it said

the AFL-CIO gave \$120,000 to Mr. Walesa while he was in France. The charges, accompanied by another alleging the misuse of union funds, appeared to part of a propaganda offensive aimed at dis-

crediting the union.

"The Solidarity activists met with the employees of the NATO countries' special services during their business trips abroad," the iournal said. It specifically named It said Andrzej Rozplochowski,

a militant union leader of the Katowice industrial center now interned, conducted talks in the U.S. Embassy in Rome with someone identified only as A. Freeman from "American intelligence."

Jan Strzelecki and Tadeusz

Walendowski also were accused of contacts with Western intelligence.
The paper made no reference to a possible trial, but Polish law provides penalties ranging from five years in jail to death for giving in-formation to foreign intelligence.

■ Envoy Seeks Asylum The Japanese Foreign Ministry

said Saturday that a Polish Embas-sy official and his wife have teft Japan for political asylum in France, UPI reported from Tokyo. A ministry spokesman said Jozef Grochowski, the Polish Embassy's assistant commercial at-tache, and his wife, Anna, left To-

kyo late Friday.

We want to defect to protest my motherland's military-police state policy," Mr. Grochowski told reporters in a Tokyo hotel before

mis departure. Sources said Mr. Grochowski arrived in Japan two years ago to work as a commerce expert at the embassy and that he had been ordered to return to Poland.

U.S. Official Says Pipeline Sanctions Need More Time

WASHINGTON - William E. Brock, the U.S. trade representa-tive, said Sunday that President Ronald Reagan's sanctions against the Soviet Union's natural gas pipeline have had oo effect on the crackdown in Poland but that the actions still need "time to work."

Mr. Brock, interviewed on U.S. television, defended the sanctions against European companies that belped in the construction of the Soviet Union's Siberian gas pipeline to Western Europe.

Commerce Secretary Malcolm Baldrige said last week that the United States will continue to bar exports of oil and gas equipment to the Soviet Union hy American companies, their subsidiaries and licensees as long as the administra-tion detects "Soviet complicity" in the Polish clampdown.

Mr. Brock said that despite criticism of the sanctions by Britain, France and Italy, the dispute ulti-mately will bring the allies together and show "the oeed for common action" in the face of Soviet op-



TOKYO - A typhoon dumped torrential rains oo central Japan Sunday, triggering floods and landslides that halted

A meteorological agency heading north, bisecting the cokesman said the typhoon, northern half of Japan's heavily populated Honshu Island. In central Tokyo, the Kanda

New Herpes Link to Cancer Found cer Congress, are of particular con-By Paul Jacobs cern because of the current epi-Los Angeles Times Service demic of genital herpes. SEATTLE - A Washington At least 20 million adults in the state scientist has found fragments

ry the persistent and often painful genital infection, which in most cases is spread by sexual contact. Cautious Work on Vaccine Several groups of scientists are working on a vaccine to prevent

United States are estimated to car-

the infection. But its development is proceeding cautiously, in part because of fear that a vaccine made from the herpes virus might itself cause cancer. Cervical cancer strikes 16.000 U.S. women each year. Before the herpes outbreak, the incidence of such cancer had been decreasing. Few women who are infected with

genital herpes are considered likely

to develop the cancer, but a 1973

study indicated that herpes may

increase the risk sevenfold. In July, Dr. McDougall and his co-workers reported finding evidence of functioning herpes virus fragments in 30 percent of cervical cancer tumors. As a result, he said. he believes that genital herpes infections may be responsible for 30 percent of the cases of cervical

cancer.

cer is, however, almost entirely circumstantial. The proof, according to Dr. McDougall and other scientists, will depend on the development of an effective vaccine.

It has long been known that the

risk of cervical cancer is increased among women who begin having intercourse at an early age or who have multiple sex partners. And for several years, a growing number of studies have shown that patients with cervical cancer are

much more likely to have antibo-

dies to herpes virus in their bodies than are healthy women. A decade ago, Dr. Fred Rapp of the Pennsylvania State University College of Medicine and others showed that the herpes simplex virus could alter the growth patterns of rodent cells raised in test tubes. The early work was an indication that the virus might play a role in

In the last four years, new genetic engineering techniques have made it possible to produce small pieces of the virus in large quantities. Several groups have shown that three of those fragments, called transforming genes, are capable by themselves of altering the growth patterns of rodent cells. Those pieces are what Dr.

11 Killed, 78 Hurt in Japanese Typhoon

transportation and killed at least 11 persons and injured 78. Sev-

spokesman said the typhoon, with peak winds of 78.7 mph (126 kph), was "proceeding on the worst course under the worst cooditioos." He said the evening flooding more than typhoon, the third this year to 2,000 homes in the Shinjuku en-

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After Rare Defeat, Reagan Is Likely to Veto More Carefully

New York Times Service

WASHINGTON - President Ronald Reagan's political instincts may tell him to mission a string of vetoes on budget mea-mins in the weeks shead. But the veto defeat our Priday, the administration's big-gest loss in Congress in 20 months, could mean that he will have to choose his fights

This was the initial assessment of White House strategists, who were sobered by back to back votes in the House and Senare overriding the president's veto of a \$14.1-billion supplemental spending bill.

To the White House, the veto was dis-melsing evidence that Mr. Reagan might not be able to count on automatic support from either his Republican or Democratic affice for his cuts in social programs. The m space a job program for the elderly poor, but it was apparently too late to win

many votes.

Mr. Reagan's aides found solace, however, in their conviction that even the do-

By Ward Sinclair

WASHINGTON - In return for

the vote of Representative Edwin B. Forsythe, Republican of New Josep, in last week's veto battle in

the House, the White House

agreed to issue controversial regu-

tations barring Japanese tuna fishermen from certain U.S. coast-

Administration sources said the

decision was made by David A.

Stockman, the director of the Off-

ice of Management and Budget, at the urging of House Minority Leader Robert H. Michel, Repub-

As a result, Mr. Forsythe re-

versed his position on the \$14,1-billion supplemental appropria-

tions bill and voted Thursday to

sustain President Ronald Reagan's

veto. The tally was 307 to 117 to

override the veto, but the adminis-tration approved the regulations

and sent them to the Federal Reg-

Mr. Forsythe acknowledged Fri-

day that his vote was linked to his

long-standing interest in winning support of the fishing prohibition.

He said his objective was protec-tion of sport fishermen who com-

plain increasingly that their gear is damaged by lines from Japanese

The regulations, drawn up by the Commerce Department's Na-tional Oceanic and Atmospheric

Administration, will take force 10

days after publication. In effect,

they will preclude Japanese tuna fishing in U.S. waters north of Cape Lookout, North Carolina.

This was an extremely painful

decision for the administration," said one official. "It could have ramifications for U.S. Japanese

ressels in the Atlantic.

ister for publication this week.

el waters in the Atlantic

lican of Illinois.

Japan Fishing Curbed

To Net a Pro-Veto Vote

able to say it is doing its utmost to stem

Since most Republicans supported the president and since all but a few Democrass voted against him, White House officials believe that Mr. Reagan will be able to campaign comfortably for Republicans this fall. No one talked of punishing any Republican or Democratic defectors.

"I think it's fair to say that there was no fundamental damage done," a Reagan aide maintained. "We were nicked on this thing, no question. But we have been en-couraged to hold the line on spending, and think our vetoes will be sustained in the future when the issues are clear-cut."

In the unaccustomed role of reviewing a loss on Capitol Hill, administration strategists cited myriad factors and accepted a measure of blame. But no one expressed any regret about Mr. Reagan's veto.

A top aide cited a memorandum by Richard G. Darman, coordinator of the legislative strategy group at the White House, saying the group unanimously faMr. Reagan continues to exercise veto af-

tary fishing agreements we have with the Japanese, for example in the Gulf of Mexico."

ed for months within the adminis-

tration. Supporters of regulatory

reform opposed them, as did offi-

cials worried about Japanese trade retaliation. The National Marine

Fisheries Service vigorously sup-

Mr. Michel's office confirmed

that he had telephoned Mr. Stock-

man from the House floor "to get

a decision on those regulations" after Mr. Forsythe indicated that

his vote might be available. Edwin

L. Dule Jr., a spokesman for the budget office, refused to comment

on Mr. Stockman's role, but he

said the lishing decision "was not

the Commerce Department, are in-

tended "to make available addi-

mestic lishermen and to reduce gear conflicts between U.S. and

The rules will immediately close

the area north of Cape Lookout to

foreign longline operations; that is,

about a dozen Japanese fishing vessels. They will impose fines of up to \$500 per billfish and \$272 per swordfish illegally pulled up

and ban foreign fishermen from areas in which U.S. operators have

The Japanese lines, up to 50 miles (80 kilometers) long, regular-

ly hook billfish, which, under U.S. regulations, must be returned to

the sea. U.S. lishermen contend

that as many as 70 percent of these

The regulations, according to

a major issue for us."

foreign fishermen."

placed "fixed" gear.

ported them.

The regulations had been debat-

ter Mr. Reagan had won congressional approval of a \$98-billion tax increase.

One of the administration's biggest mistakes, White House officials now say, was to announce the veto in the two-week congressional recess without warning of the

NEWS ANALYSIS

difficulties of sustaining it when Congress returned. As a result, they say, a false sense of security built up over the veto

"With all the euphoria over the tax light, not to mention the Lebanon settlement, it can be argued that some of us felt we could win anything we put our mind to win," an official said. "That wasn't true of everybody, and we found right away during the recess that congressmen just didn't want to focus on it."

On the other hand, Mr. Reagan does not want to seem to be less than vigilant on what he sees as excessive spending.

"There's a risk either way," the official said, "and it's something that's going to have to be assessed here in the next several

It was obvious to White House officials that the primary reason for Mr. Reagan's loss was his failure to persuade Congress that the appropriations bill was the "budget-buster he said it was. The bill was less than \$1 billion over the administration's spending targets in social programs, but it made up for that by cutting \$2 billion in

Even though the bill contained the mili-tary cut, Defense Secretary Caspar W. Weinberger had recommended that Mr. Reagan sign it. A White House aide said Mr. Weinberger was worried about pro-voking too many fights with Senator Mark

secutors, wardens and school

board officials. Last term, for ex-

ample, the court issued 16 per curi-

am opinions summarily reversing

lower courts. Of these, 13 involved

prosecutors, wardens or school

board officials. In all but one of

these cases, the state prevailed. ... I am disturbed by the all-too-of-

ten cavalier treatment of the par-

blamed the increasing use of the

time-saving summary opinions on the growing case load of the court.

if such opinions continue, the

court should at least notify the

parties and allow them to file

briefs. This "is the least we should

demand before a decision is ren-

date from 300 to 900 A.D., appar-

ently fled by rope from a second-

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David Hurst Thomas, chairman

a clear picture of how to call for less.

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dered by the court of last resort."

Justice Marshall suggested that,

Other justices and critics have

ties involved in such cases."

vored a veto in spite of the "substantial ter veto, without carefully choosing the likelihood" of its being overriden. This memo was written last month, shortly afmito a dangerous habit of overriding him. egon Republican, so he would support the Defense Department in the much more difficult battles over military spending that are sure to come.

For different reasons, Secretary of State George P. Shultz had also asked Mr. Reagan to sign the bill. Mr. Shultz had his eye on the \$350 million in the bill that is earmarked for aid to the Caribbean re-

Nevertheless, Mr. Reagan's aides at the White House unanimously favored a veto. In retrospect, some White House officials said this appropriations bill should not have been described as a budget-buster by Mr. Reagan. But they insisted that because it exceeded his targets on the domestic side, it was worth the fight even though he lost.

"The president is going to lose some more veto fights before the year is over," an official predicted. "But he's going to win more than he loses."

33 State Aides Assert **Rights Enforcement** Suffers Under Reagan

By Robert Pear New York Times Service

WASHINGTON -- The chairmen of 33 state agencies affiliated with the United States Commission on Civil Rights have signed a letter to President Reagan asserting that he is responsible for a dangerous deterioration in the federal enforcement of civil

After being told of the allegations, the chairman of the federal civil rights commission, Clarence M. Pendleton Jr., called them un-

On Monday and Tuesday, the chairmen of all 50 state advisory committees are scheduled to hold their annual conference in Wash-

The 33 chairmen who sent the letter requested a meeting with Mr. Reagan, but the White House replied that the president could not grant the request because of the

heavy demands on his time." Members of the state advisory committees are appointed by the Civil Rights Commission to moni-tor civil rights at the local level. They conduct wide-ranging invesugations and submit reports and recommendations to the commis-

The commission itself is an independent, bipartisan body established by Congress to investigate complaints of discrimination based on race, religion, sex, age, or physical or mental handicaps. Mr. Reagan has repeatedly de-

clared a strong commitment to civil rights, although many of his acuons have provoked criticism from rights advocates.

'Acting as Individuals'

In their letter, the 33 chairmen said they were "acting as individuals," not as spokesmen, for their organizations. "Recent events have forced us to the conclusion that the integrity, and indeed the fu-nire, of the basic civil rights agencies of the federal government are in grave doubt," the letter said.

"With some exceptions," it said, "persons without adequate professional training, background, and pointed to the highest leadership positions" of vital agencies." Agencies referred to included the Commission on Civil Rights, the Equal Employment Opportunity Commission and the civil rights division of the Department of Jus-

with "severe reductions in the op-erating funds" of the agencies, guarantee the "emasculation of vi-tal programs," the letter said.

Several of Mr. Reagan's nominations to the Civil Rights Commission are before the Senate, pending confirmation.

The idea for the protest grew ou of a meeting held last March by chairmen of state advisory committees in the Middle West. Lotte Meyerson, who was acting chairman of the Indiana committee, said she proposed the meeting because of her alarm at "what was happening to civil rights in the Reagan administration. Writing the letter was a group

The letter comes at a time when the White House has become concerned about some of the commis sion's reports. Miebael J. Horowitz, counsel to the director of the Office of Management and Budget, said he was particularly disappointed with a report warning that budget cuts being made by Mr. Reagan would reduce the en-

Paisley Guarded At Funeral in U.S.

SAN FRANCISCO - A dozen

forcement of civil rights.

U.S. policemen and security agents kept watch as the Rev. Ian Paisley, the Northern Ireland Protestant leader, attended the funeral of a friend near bere. Supporters of the Northern Aid

Committee, which raises money for Irish republican causes, had threatened to demonstrate against Mr. Paisley but did not show up at the funeral Friday in Castro Valley, 25 miles (40 kilometers) southeast of San Francisco.

Mr. Paisley was among 400 persons who attended a funeral service for Archie Weniger, editor of the magazine Blueprint, Mr. Paisley, in a eulogy, described Mr. Weniger as God's gift to the Chris-uan fundamentalist movement. Mr. Paisley was said by friends to have been granted a 30-day U.S. visa and to have arrived Thursday.

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Justice Marshall Assails **Hasty Court Opinions**

By Fred Barbash Washington Post Service

WASHINGTON - Justice Thurgood Marshall has gone public with his grievances against the Supreme Court in a speech accus-ing his colleagues of giving "caval-ier treatment" to some cases by is-

suing hasty summary opinions.

He is the fourth justice in the past month to speak out publicly about the Supreme Court's problems. The justices ordinarily confine their criticisms to formal published opinions and dissents.

Justice Marshall's speech, delivered Thursday to the U.S. 2nd Circuit Judicial Conference and released Friday by his office, attacked the increasingly common court practice of burriedly issuing per curiam opinions on major cas-es, unsigned and without the bene-fit of full oral or written arguments by the parties. The most highly publicized of

these opinions - generally drafted and issued by conservative justices
— recently upbeld a 40-year prison
term imposed on a Virginia man for possession of nine ounces of The court also ruled summarily

in 1979 when it upheld the government's punishment of the former CIA agent Frank Snepp for writing the book "Decent Interval" in violation of an agency secrecy

Aid to Officials

Justice Marshall, who is considered a liberal, said this "cursory" treatment creates potential for error and confusion, gives short shrift to important issues and is being used in a biased fashion to benefit government officials.

sured for \$478,000 but were regarded as priceless and irreplace-"In a disproportionate number of cases," he said, "the court has employed the device to aid pro-

Are Stolen From New York Museum scientific and esthetic value." They NEW YORK -- A thief who apwere from what are now Guatema-

The debate over summary opinions bas been going on for three and premature rulings.

25 'Priceless' Mayan Jade Artifacts

parently hid in the American Mu-seum of Natural History on Sept. 5 la and Mexico. A museum spokesman, Herbert Kurz, said that although the case stole 25 Mayan jade artifacts valued at nearly half a million dollars. from which the items were taken New York City detectives said and the window were not equipped the thief, who broke into a display case containing the objects, which with alarms, "other windows and

other cases are." The artifacts, which were discovered missing Sept. 6, range in size from a one-inch pendant to a plaque, showing three seated figures, that is 6.6 inches high and 5.2 inches wide. The stolen objects carry no permanent identifying marks,

museum officials said.

Thurgood Marshall

years. Until recently, however, it

has taken place in dissents rather

than speeches. Last month in a

speech to the American Judicature

Society, Justice John Paul Stevens

a moderate, criticized overhasty

The appointments, combined

Give the folks back home a picture of Europe and save enough on the call to paint the town.

When you're having the most colorful trip of your life, let your family and friends have a "look" right

along with you. Give them a call. But first, check out all the money-saving tips below, so you have

PONTIAC

U.S. Protection of Witnesses Comes Under Fire

By Leslie Maitland

New York Times Service WASHINGTON - Frank Balderson of Alliance, Nebraska, of explosives Fusions sealed off for no her ht at least seven shore speaking in a contained voice that did not conceal his anger, de-scribed his trip to Washington as an effort "to protest the govern-ment's involvement in the murder

of our son." "It is not in the natural order of things for parents to bury their children," said Mr. Balderson, tes-tifying before a House subcommitee hearing last week on the Justice Department's program to provide new identities for criminals who agree to testify for the prosecution. "But unless some changes are made, it could happen again."

The Baldersons 24-year-old son.

James, was killed last year in a \$30 robbery in the grocery store where he worked in Fort Collins, Colorada. The admitted killer, Maxion Albert Pruett, is a former convict who, having agreed to testify about a prison murder, had been moved to another city by the government and granted a new identity. He has also confessed three other killings. in Colorado, Mississippi and Ar-kansas: He was also indicted in New Mexico in connection with the beating death of his wife.

It was just one of several "horror stories," as one of the congress-men put it, that the subcommittee heard in testimony Thursday and Friday on a bill governing the Fed-eral Witness Security Program, now in its 12th year of operation.

According to Howard Safir, the assistant director for operations in the U.S. Marshal Service, 97 percent of the participants have committed serious felonies. But he said their rate of return to prison after release has been only 17 percent as against a recidivism rate of more than 50 percent for people on

"The bill codifies a program originally enacted in the Organized Crime Act of 1970, which said the attorney general can provide protection for witnesses and expend funds on their behalf," Mr. Safir

Tire Bursts on New Boeing The Associated Press

CHICAGO - A United Airlines Boeing 767 jet circled for almost an hour over O'Hare International Airport late Saturday night after a landing tire burst. The 767 began

all it said. And at that time, there was no procedure to follow, because no country in the world had

Alice M. Rivlin

Economist Rivlin

Planning to Leave

Washington Post Service

Rivlin, founding head of the Con-gressional Budget Office and

sometime critic of the economic

policies of three presidents, includ-

ing Ronald Reagan, does not in-tend to seek reappointment when her term ends Jan. 31.

Mrs. Rivlin, a former economist

at the liberal Brookings Institu-

tion, told budget office staff mem-

bers of her decision Friday, and in

the last few months has given con-

gressional leaders the same mes-

sage, an aide said. She is in her sec-

"We're going to ask ber to stay

on," the House Budget Committee

ond four-year term.

WASHINGTON - Alice M.

such a program."

He said the witness program had been greatly improved since 1978, when the Justice Department undertook a study of its effectiveness.

The witness protection effort, which has a budget of \$26 million this year, provides for temporary protection and relocation of witnesses in important federal cases. particularly those involving organized crime or narcotics trafficking. Witnesses are given new iden-tities, limited financial aid and as-sistance in finding work.

Mr. Safir said that 3,993 wit-

nesses had taken part in the program with their families, accounting for the relocation of approxi-mately 14,000 people. Although "no witness under active protection has been harmed," Mr. Safir said, "15 or 16 have been murdered later because of new crimi-nal activity or in returning to the danger area against the advice of the Marshal Service." He added that testimony from protected wit-nesses in the last three years had led to more than 2,000 convictions.

Rudolph W. Giuliani, an associ-

program as "one of the most effective and most important tools in the prosecution of organized criminal conspiracies.

"The misconception is that the

government has control over these people," said Mr. Giuliani, a former federal prosecutor in New York, referring to relocated wit-nesses who engage in crime. "But they are free to move around. The government changes their names. The government can't necessarily change their behavior."

mittee chairman, Representative Robert W. Kastenmeier, Democrat of Wisconsin, that his department bad instituted most of the reforms called for in the bill. These include measures for disclosing the identity and location of a protected wit-ness, if state and local law-enforcement authorities request the information, and similar disclosure about witnesses who refuse to obey

mently opposes a provision to require the government to enter into a contract with participating witnesses and allow them to sue over disagreements. He also found fault with a provision guaranteeing a witness the right to a court hearing in case of a disagreement over a department decision to cut off protection and assistance

Murdoch Renews Talks On Buying U.S. Paper

New York Times Service
NEW YORK — Rupert Murdoch has renewed talks on taking over the Buffalo Courier-Express years of losses.

The Times of London and several Australian dailies, had rejected an earlier approach by the owners of The Courier-Express, Cowles Media Co. of Minneapolis, according to officials of Cowles and of Mr. Murdoch's News America Co.

Save on surcharges. Many hotels out: side the U.S. charge exorbitant surcharge fees on international calls. And sometimes the fees are greater than the cost of the call itself. But if your hotel has TELEPLAN, the way to keep hotel surcharges reasonable, go ahead and call. No Teleplan? Read on! There are other ways to save money.

Save with a shortie. In most countries there's no three-minute minimum on selfdialed calls. So if your hotel offers International Dialing from your room, place a short call home and have them call you hack







with dollars, not local currency, when you get your next home of office phone bill. Save these other ways. Telephone Com-

pany Calling Card and collect calls may be placed in many countries. And where they are, the hotel surcharges on such calls are usually low. Or, you can avoid surcharges altogether by calling from the post office or from other telephone centers.

Save nights & weekends. Always check to see whether the country you're in has lower rates at night and on weekends. I locally the savinos are considerable, N-

A N.Y. Town Reins In Its Joggers

By John T. McQuiston New York Times Service

MILL NECK, New York — The trustees in this Long Island village have voted an ordinance that sets rules for joggers and punishes violators with fines of up to \$250 and with jail terms of up to 90

days.

The ordinance requires joggers along roadways to run in single file, to keep to the shoulder of the road, to run against traffic and, at night, to wear both front and back reflector gear.

This type of law is far from common — it's extraordinary," said Gloria Averbuch of the New York Road Runners Club, which has more than 21,000 members in the New York metropolitan area. "It treats joggers like criminals."

John C. Jansing, Mill Neck's mayor, said that among his reasons for pressing for the ordinance, which was voted imanimously Wednesday night by the five-member trustee board, was that he had a couple of friends in the metropolitan area who had been killed while jogging." The mayor, who said he does not jog, acknowledged that there had been no recorded mishaps

involving joggers on the 11 miles (18 kilometers) of narrow roads that wind through this rural village of horse farms and five-acre (two-hectare) estates on Long Island's north shore. But, he added, "We want to keep it that way."

Police in Nassau County, Long Island, said that
34 county residents were killed in pedestrian motor vehicle accidents last year. But they noted that

there was no way to determine statistically

whether any were joggers.

nance approved on Dec. 25 by the Township of Holmdel in Monmouth County, New Jersey. The only difference between the laws is that in Holmdel, the fine can be as high as \$500.

Betty Curtis, assistant township clerk in Holm-del, said the law had been enacted there because "there was a big problem of people running in the streets at night and it was difficult for drivers to

Sgt. Raymond Wilson of the Holmdel Police Department said that no one had been arrested under the law, but that his men had "given out some warnings.

In Mill Neck, joggers' reaction to the new law was mixed. "I run in Mill Neck all the time," said Michael Foley, 27, who runs "about 55 miles a week." He

is training for the New York City Marathon, which is scheduled for Oct. 24. "I can understand why they might think they need the new law — the roads are very winding and at night there are no street lights," said Mr. Foley, who wears a reflective belt when he runs at

But for Aldo M. Scandurra, 67, who has been running and jogging for 38 years, the new law in Mill Neck is not such a good thing. "Safe running is a matter of common sense," he said, "not something to write laws about." Mr. Scandurra, who lives in Greenlawn, Long Island, said, "I say the law has to be tested. How

does it define what jogging is, as opposed to running or walking? If they want to pass laws, why

don't they write some that protect joggers, like

Mr. Giuliani told the subcom-

Although the Justice Department generally supports the legislation, Mr. Giuliani said, it vehe-

after the announcement by the newspaper's owners that they in-tend to close it Sunday, after three

Mr. Murdoch, whose publica-tions include the New York Post,

PRIVATE PERSON

nai vacant building,

CASELLA T. 241 S.P.I.

Crimes by Program's Beneficiaries Are Described to a House Panel said in an interview. "That's about are attorney general, described the

Spokesmen for the Japan Fish-cries Association said Friday that crat of Oklahoma, said Saturday.

they were uncertain whether the But he added: "We are going to

organization would try to block begin to consider who would re-

tional billfishes and sharks for do-mestic lithermen and to reduce U.S. Congress Job

Junior Partner in Bonn Coalition Isn't Quite Ready to Jump Ship

By James M. Markham

New York Times Service

BONN — As he ended his contribution to a full-dress Bundestag debate last week, Deputy Chancellor Hans-Dietrich Genscher looked as if he had just about made up his mind to put an end to the 13-year coalition between his small Free Democratic Party and the Social

Not once did the large, bespectacled Mr. Genscher, who is also foreign minister, actually say that the coalition was moribund or that at the opportune moment his party would switch alliances, bringing the conservative Christian Democrats to power.

The message was conveyed with atmospherics, not words. The opposition Christian Democratic benches vigorously applauded him as he recalled his party's commitment to free enterprise and to close ties with the United States. The Social Democrats listened in eloquent silence, and Chancellor Helmut Schmidt stared coldly into the middle distance. But so wrenching, so divisive and so uncer-

tain is the Free Democrats' possible new course that party insiders predict that it may be weeks before the cautious Mr. Genscher makes a final, irrevocable decision.

Mr. Genscher's ambivalence and his dilemma were caught by a cartoon portraying him as Eve in Paradise reaching out for an apple proferred by a snake-like Helmut Kohl, the Christian Democratic leader. For the Free Democrats, allies are sometimes as dangerous

"We are all aware that the party's survival is at stake," commented one Free Democratic figure, catching the mood of anxiety in the or-

Since the 1950s the Free Democrats have managed to exercise a disproportionate amount of government power by persuading voters that middle-of-the-road policies are necessary to temper the extreme conservatism of the Christian Democrats or the radical left wing of the Social Democrats.

Io 1980 elections this phenomenon reached its high-water mark. Many Christian Demoto ensure that Mr. Schmidt, in partnership with Mr. Genscher, would be able to tame the So-

NEWS ANALYSIS

cial Democrats' left wing. The Free Democrats took 10.6 percent of the popular vote.

As the German economy stagnated and the coalition came unstuck over a variety of questions, the Free Democrats' electoral popularity dipped sharply. In the Hamburg elections in lune, the party fell to a humbling fourth place behind the environmentalist party and, with only 4.8 percent of the vote, failed to get into the state parliament.

Now an even greater challenge faces the Free Democrats in the state elections on Sept. 26 in Hesse, where they have pledged to try to form a local coalition with the Christian Democrats that could become a model for Bonn. Most opinion polls show the Free Demo-

Franz-Josef Strauss, voted Free Democratic, and moderate Social Democrats did the same same time soundings suggest that the Christian Democrats could attain a majority of seats, which would make a coalition unnecessary. "It's oot in our interest to see the Social Democrats lose too hadly in Hesse," observed one Free Democratic electoral strategist.

The same problem exists at the national level. In last Thursday's Bundestag debate, Mr. Schmidt observed that, even if Mr. Kohi did supplant him as chancellor by allying with the Free Democrats, the Christian Democrats would be forced to renew their legitimacy through early elections.

This argument seems to be gaining ground among various Christian Democratic chiefs, including Mr. Strauss, the powerful Bavarian leader, who appears relatively unenthusiastic about making a deal with the Free Democrats

The idea of going to general elections after having just switched alliances in Bonn is un-

nerving for Mr. Genscher and his party. On the stump, Mr. Schmidt and other Social Democrats would surely accuse the party of oppor-

And, if some polls are to be believed, it is just conceivable that the Christian Democrats could win an outright majority in parliament, completely undercutting Mr. Genscher's lever-age as a coalition-broker.

As he works through the scenarios that could follow a switch in alliances, Mr. Genscher must also weigh the likelihood that some left-wing Free Democratic parliamentarians — perhaps a dozen of the 53-member bloc in the Bundestag - might not follow him in rebuking Mr. Schmidt. Already, a party congress to be held in November in Berlin promises to be a tempestuous affair.

"We stand together, lest anyone should harbor false hopes on that score," the deputy chancellor bravely told the Bundestag-last week. As he nears a momentous decision, Mr. Genscher sounded to some as if he were whistling in the dark.



Hans-Dietrich Genscher

enthusiasm for farming among the tion on military farms has risen 34

closed how much of the food eaten ern analysts are skeptical that the

He also said that meat produc- some cases milk and sugar are ra-

Compiled by Our Staff From Dispatches

No official explanation was given by the Ministry of Communications, where a spokesman said Friday that the international station in Moscow had suffered a "mal-

the problem was repaired early Saturday and began accepting some international bookings. But most callers were told their re-quests would not be placed until Monday.

country was eliminated earlier this

By Robert Gillette

Los Angeles Times Service

forces, along with defending the

motherland and carrying out what

the press here calls their "interna-

tionalist duty in Afghanistan, have been handed a challenging new assignment — helping to al-leviate the Soviet Union's food

The armed forces have long op-

erated a nationwide system of se-

cret military farms, food process-

ing plants and food reserves. Now,

as the Soviet Union faces its fourth

poor grain harvest in four years

and zero growth in meat and dairy

supplies, the army and navy are

under orders to increase their own

production of meat, milk, eggs, po-tatoes and vegetables by at least 50

The objective is to ease the

strain the armed forces put on ci-

vilian food supplies and to im-

prove the courishment of the 4.2

million servicemen, more than

twice the number of Americans in

An even greater increase in mili-

tary food production is expected by the end of the next five-year

plan in 1990, according to the armed forces oewspaper Krasnaya

In a vigorous campaign to build

percent by the end of 1985.

shortages.

MOSCOW - The Soviet armed

the loss persisted it could consti-tute a violation of the 1975 Helsinki agreement under which signatories agreed to enhance the flow of information between East and

In New York, an official of the American Telephone & Telegraph Co. said Friday that the cutoff from the Soviet Union appeared to be the result of a technical breakdown in a Moscow switching cen-

sion that handles long-distance and overseas calls, said that three ion did not pass through the Moscow center and those circuits re-

The collapse of telephooe links summer. A West German govern-ment spokesman has said that if tries as well as foreign embassies,

A senior official in a Soviet ministry, seemiogly anxious to discourage speculation that the cutoff of telephone service had political implications, told a Western journalist that he was unable to

The breakdown was the latest twist in a rapid decline in Soviet telephone links to the West that began two months ago. Beginning in July, the number of links be-

businesses, news offices and the United States and Western Europe Soviet public. Soviet officials cited "technical

reasons" as the explanation and said the renovation of equipment may continue until 1984. Western analysts have speculated that restricted telephone service may be motivated more by a desire

to choke off the flow of informa-

tion from the West to ordinary Soviet citizens. In the last two years. Soviet emigrés in the West have taken increasing advantage of direct-dial service to the Soviet Unioo to talk

with friends and relatives. Soviet dissidents and activists in the Jewisb emigration movement regularly received calls from sup-porters in Europe and the United States. The gradual spread of direct-dial service out of the Soviet Union had made those contacts easier, while almost certainly complicating efforts of the state security apparatus to monitor interna-



SPANISH CANDIDATE — Prime Minister Leopoldo Caivo Sotelo, left, and the chairman of the Union of the Democratic Center, Landelino Lavilla. Mr. Lavilla was chosen Saturday as the ruling party's candidate for prime minister in the Oct. 28 elections. The party, losing its backing in the parliament, called the election six months early.

Communists in France Seek Influence in Army

By John Vinocur New York Times Service

PARIS - The French Commi mist Party has signaled the start of a campaign to bring its sympathiz-ers into the ranks of officers and noncommissioned officers in the armed forces. The goal, it says, is to protect "the democratic con-struction of socialism."

The campaign also stresses the importance of involving Communists in soldiers' committees that discuss matters concerning the conditions of recruits, such as food, access to information and base security, with regimental authorities.

Under French law, career officers and noncommissioned officers are not allowed to be members of political parties and must give up any links with them before receiving their ranks.

The Communists' intentions as part of the Socialist-led government are outlined in the current is-sue of the party publication Cor-respondance Armée-Nation: It published a document, described in an accompanying commentary as important, outlining the party's attitudes on the participation of Communists in the French armed

Call by Republican Party

The document had the appearance of an attempt to bring politics into the military. In such an attempt, however, the Communist. Party would not be alone. The Ropublican Party, associated with former President Valery Giscard d'Estaing, said last week that it would urge soldiers to denounce restraints in military spending foreseen in the 1983 budget. Charles Hernu, the French de-

fense minister, has been critical both of efforts to introduce the class struggle into the military and of soldiers who were said to be ignoring the spirit of the Socialist election victory.

There has been no comment

from the Defense Ministry about the Communist document, which says that party members "must forcefully and stubbornly seek access to reserve officer candidate classes and those for noncommissioned officers."

The party said that, in spite of what it called improvements in the character of the armed forces since the formation of the Socialist-led government in May 1981, reaconaries continued to consider the military a major force "in their battle against change."

Opportunities to Be Seized "Entire sectors of national de-fense have not been touched by the new orientations,"-the document said. "New opportunities must be seized. We are the only ones to say that change happens as a result of really taking charge, collectively and individually, of the defense of

the country." The reserve officers mentioned in the Communist document may retain party membership but must avoid "militant activity" in periods of military service.

Under rules governing compulsory military service, volunteers receive the equivalent of basic training as reserve officer or non-commissioned officer candidates and eventually hold commands for six to eight months of their 12month conscription period. Of the 575,000 men in the French armed forces, 260,000 are conscripts.

Until now, according to the Communist publication major segments of the working class have been deliberately kept away from responsibilities in the military.

Phone Links to Russia Restored After 9 Hours

MOSCOW - International telephone service to and from the Soviet Union, which was disrupted for about nine hours Friday, was restored Saturday. However, the action immediately resulted in a two-day delay in bookings for calls

Soviet telephone operators said

All direct-dial service out of the

Problem in Switching Station

Robert M. Cann, network service supervisor for the AT&T divi-

mained in operation.

service personnel, the newspaper has been reporting almost daily on

the horticultural achievements of

army and navy units from the sun-

oy Black Sea coast to the polar

north and the Ural Mountains,

where onions, radishes, dill and

lettuce are said to thrive onder

powerful ultraviolet lights in the

bothouses of remote garrison

"A great many people looked skeptically on anyone who suggest-

ed that agriculture be developed

above the polar circle," Admiral Arkady Mikhailovsky, commander

of the Northern Fleet, told work-

ers recently on the navy farm "Northern Sailor." Then he noted

proudly that the fleet produces all

The Soviet Union has not dis-

by its armed forces comes from

military farms, but the cootribu-tion is substantial, reportedly tens

of millions of rubles' worth of pro-

"What we see on soldiers' and

sailors' tables is in no small degree

produced within the armed

forces," Army General Semen K. Kurkotkin, chief of logistics and

duce every year.

supply, said recently.

the milk and eggs it consumes.

put a call through to Czechoslova-kia and quipped, "If I can't call Prague, it can't be political." Telex communications between

the Soviet Union and the United States and Europe continued to function, and a specially leased telephone line that the U.S. Embassy maintains to the State Department in Washington, as well as the "hotline" between the Kremlin of the 19 circuits connecting the and the White House, also re-United States and the Soviet Uo-

tween the Soviet Union with the

percent in the past five years.

The general made it clear that

one purpose of the expansion or-

der, in addition to easing the strain

on civilian supplies, was to reduce

transportation costs in supplying

garrisons, especially in remote

for itself has emerged as part of

President Leonid I. Brezhnev's

widely heralded food program,

unveiled May 24 after more than

18 months of internal debate ou

Published summaries of the Bre-

zhnev plan sbow it to consist large-

ly of promises to improve housing

and income and other material in-

centives for farm workers, in addi-

tion to some organizational changes in the highly centralized

management of agriculture. West-

program will do much to lift Soviet

agriculture from its present stagua-

Drought, floods and hail have

damaged crops for the fourth year

in a row. Despite massive capital

investments, food production is

showing almost no growth. Meat

output has been essentially static since 1975 and milk production

has fallen 7 percent in the past four years. Meat, butter and in

the nation's food problems.

The military's campaign to fend

Soviet Armed Forces Are Ordered to Produce More of Their Own Food tioned in a number of provincial areas. More than one-lifth of the country's food spoils before it

reaches consumers. However, oo recent evidence of hunger has surfaced in the Soviet Union, and Soviet experts say the average Russian's starch-laden diet has made a little more than half the population overweight.

Uoder its own food program, the Defense Ministry has ordered every military industrial establishment to set up "subsidiary farms" by 1985 to supplement food supplies of their civilian employees as well as the armed forces. Garrison towns across the coun-

try are being urged to build greenhouses, plant personal vegetable plots and redouble efforts to raise pigs and chickens. Military farms themselves have been ordered to increase production by 15 percent this year. Run by the Central Food Direc-

torate of the armed forces' logistics branch, Soviet military farms began a major program of expansion and modernization in March 1965, less than five months after Mr. Brezhnev came to power.

Their output of meat has subsequently risen 50 percent, milk production has doubled and egg output is reportedly up fivefold. Development of these special farms has belped the military strengthen its position as a semiautocomous part of the Soviet economy.

At the same time, some of the Defense Ministry's agricultural en-terprises are acknowledged to suf-fer from "deficiencies" and "unresolved questions" that leave ample room for producing more food at lower cost. No army is famous for its cui-

sine, but food in the Soviet Army is particularly disreputable. Former servicemen complain that meat and fresh vegetables are rare in a diet that stresses potatoes, grease and gruel. In retrospect, Krasnaya Zvezda appears to have paved the way for its unusual discussion of Soviet

food problems with an article May 7 asserting that, while there may be shortcomings at home, condi-tions in the outside world are far bleaker. starving Lieutenant Colonel N.

Karasev, an economist, wrote. He

alleged that 20 million American

families "live permanently on the brink of hanger." Record U.S. Crop Predicted The U.S. Agriculture Department said Friday that American grain farmers are expected to produce record wheat, corn and soy-

bean crops this year while the So-

viet Union is expected to harvest

its poorest total grain crop since 1975, The New York Times reported from Washington.

The department's Foreign Agri-cultural Service repeated its earlier estimates that Soviet wheat and coarse-grain production would he 170 million metric tons, 5 million tons less than last year. The service lowered slightly its Angust esti-mate of Soviet wheat production but said corn and other coarsegrain crops would be slightly larger than expected last month. The department also forecast total world crop production for the

1982-83 seasons would be only slightly below the 1981-82 record. In its forecast of crop production as of Sept. 1, the department's Crop Reporting Board again pre-dicted that this year's American corn crop would exceed 211 million metric tons, virtually unchanged from last month's estimate. A crop of that size would be I percent larger than last year's record-breaking production.

The board increased its estimate of the 1982 wheat crop to a record 76.6 million tons, which would also be 1 percent larger than last year's record. It also raised slightly its estimate of 1982 soybean production, setting it at a record high of 63 million metric tons, which would be 14 percent above last year's total.

tieri, was forced by his subordi-

The air force and navy demand-

ed that a non-army man replace General Galtieri. However, the

army, the most powerful service, imposed Mr. Bignone as president.

The navy and air force chiefs then

withdrew from both the junta and

pulled most of their officers out of

their government posts. But they

have since come to accept Mr. Big-

Brigadier Basilio Lami Dozo,

the air force chief, resigned Aug.

17. Admiral Jorge Isaac Anaya,

commander of the navy and the last remaining service chief from

the war, grudgingly announced Wednesday that be would retire

Admiral Anaya, the driving

force behind the Argentine inva-sion of the Falklands, is to join

Lieutenant General Cristino Nico-

laides of the army and Brigadier

Augusto Jorge Hughes of the air force in the new junta, but only until his retirement. He is then to

be replaced by Admiral Ruben Os-

car Franco, a former attaché in

Foreign Advisers Flock To Work in Nicaragua By Raymond Bonner

New York Times Service MANAGUA - So many Ameri-

cans and West Europeans have descended on Nicaragua to study and work with the Sandinist govcrament that the word internacionalistas is being used to refer exclusively to them.

At night these internacionalistas dine at French restaurants, steak houses and outdoor cafes. On weekends they escape the swelter-ing capital, taking their picnics and wind-surfing boards to nearby lakes. By day they work, directly or indirectly, for the government. Excluding the several hundred

Cuban and Soviet health workers, people with U.S. passports lead the tally of foreign advisers, followed by Bulgarians, French, Bellowed by Bulgarians, French gians, Germans and Swedes. There are believed to be at least 200 Americans in Nicaragua working for a range of international organ-izations, primarily in the fields of health, education and agriculture.

About 25 to 30 Americans also work directly for the government, the largest contingents in the Agri-culture and Health ministries. Others have joined the ministries of Foreign Relations, Planning and Culture. The Sandinist newspaper and the government television system have also hired Americans. Low Profile

Three Americans, including one who has been a principal architect of the reorganization of government since the Sandinist victory. have offices next to those of the governing junta. For the most part the Americans

keep a low profile, talking to jour-

nalists, if at all, only if they will not be identified. They avoid the U.S. Embassy. Many have joined the militias, receiving military instruction and physical-fitness College students from Harvard, Princeton and Stanford and

Georgetown, among other places, have come to Nicaragua. For many of the young Americans, fresh from the consumer and environmental movements of the United States, some things in Managna might seem quite familiar. For example, there was recently a lot of complaining about the fact

that almost half the country's bus fleet was off the streets for repairs. And those who do not rely on public transportation are faced with menacing potholes and the inita-tions of gasoline rationing, which began last month.

With no limit on how much gasoline a driver could buy on the permitted day — on odd or even dates, determined by the final digit of the car's license number -

The Nicaragua government has yet to enact a "bottle bill," requiring a deposit on soft drink and beer bottles so as to discourage consumers from discarding their empties. And in the absence of such a law, the Luisa Armanda Espinoza Association of Nicaraguan Women swung into action to accomplish the objective.

by a crippling shortage of foreign exchange, which makes it difficult for manufacturers to buy the mate-rials needed to produce bottles. Within the government, there is Consumer Defense Department. Nuevo Diario, a pro-government

newspaper, devotes one page a week to defense of the consumer," using the space, for example, to recommend substitutes for meat, of which there is a shortage here, and to guide consumers on the prices they should pay in mar-

for 15 basic products, such as corn, beans, cooking oil and soap. On the environmental front, 60 of the country's most important

species of trees, plants and wildlife are being studied with the object of preserving them, and a forest service has been set up and a reforestation project begin. The New World Agricultural

Movement and the Center for the Study of Appropriate Technology, both based in the United States, are promoting efforts to reduce the use of pesticides and to develop geothermal energy from the country's active volcanoes and methane gas from animal wastes.

New Smog Rules For S. California

Los Angeles Times Service LOS ANGELES — Enacting the toughest anti-smog regulations in the United States, Southern Califormia's smog control board has moved to severely restrict the right

Management District Board voted 6 to 3 Friday to prevent any increase in air pollution from stationary sources such as refineries and factories, making it extremely difficult for manufacturers to locate in the urban areas of four counties in smog-laden Southers California.

Pinochet Rules Out Liberalization As Dissent Grows Among His Allies

By Jackson Diehl

Washington Post Service
SANTIAGO — President Augusto Pinochet, marking the ninth anniversary of his military govern-ment amid an economic crisis and eroding political support, has sharply attacked his critics and pledged not to alter the govern-ment's course or its authoritarian

In a day of austere official ceremony and equally modest protests commemorating the military over-throw of leftist President Salvador Allende in 1973, General Pinochet declared Saturday that "neither the transitory situation in the economic order nor the aggression of the enemy will divert the projects of this government."

General Pinochet, 66, conceded in his annual address that severe economic problems "have hit us hard" and that "a series of difficul-

Pump Is Blamed For Ariane Crash

Linual Press Internations KOUROU, French Guiana - A mechanical failure in the turbopump of the Ariane rocket's third stage caused its crash Friday, the general director of France's National Center for Space Studies

(CNES) said here. The official, Frédéric d'Allest. said Saturday that the second commercial flight of Ariane, originally scheduled for Nov. 23, would be delayed until the pump could be modified. The turbopump injects the rocket's liquid bydrogen and oxygen fuel into the combustion chamber of the third stage, provid-

ing for propulsion. Ariane, the European Space Ageocy's satellite lauocber, crashed into the Atlantic Ocean Friday, 13 minutes after it took off with two satellites from its launching pad here. It failed to launch the satellites. But Mr. d'Allest expressed confidence that the crash had not burt Ariane's efforts to compete with the U.S. space shutde as a commercial satellite

hopes of many." But he rejected suggestions that his government permit more freedom. He said that 'all the vigor of the law' would be applied to "those who try to foment an artificial atmosphere of political agitation."

The lengthy speech, broadcast on radio and television, came after everal months of turbulence in General Pinochet's government and growing signs of dissent among key supporters in the military over the ecocomic and political models that have guided his

Business Exerting Pressure

The country's business and banking sectors, which ooce broadly supported General Pinochet, have recently exerted strong pressure on his government to alter the strict free market, monetar-ist economic policy aggressively pursued for the past seven years. Once pronounced a Latin Amerimiracle" by its backers, Chile's ecocomy has plummeted into a severe recession. Unemployment is reported by the government at 23 percent.

The economic problems have also contributed to the growth of traditional opposition movements and demonstrations against the government. An illegal protest march drew an estimated 2,000 people last month to the center of Santiago, and university demonstrations last week provoked the government to shut down one faculty at a major university in Santiago and to call off classes at the university in the port city of Val-

Perhaps more seriously, the pressure on General Pinochet from ousinessmen has been complemented by a splintering of his sup-port among rightists. Two years after promoting a oew constitution and promising an eight-year transition to a conservative, "protected" democracy that would exclude communism and some other ideologies, some of the military's key supporters have begun to complain that the expected liberalization is being largely ignored.

ties have affected the work and the ture of supporters of the government outside of the govern-ment,"said Roberto Pulido, the former head of a rightist political movement that supported the new constitution. "The administration has shown little interest in moving forward on political matters, and there is distrust of the sincerity of some sectors." General Pinochet sought in his

> guing that the economic troubles were the fault of the world recession and stressing his commitment to carrying out the slow political But his voice rose quickly when he declared that "the government

address Saturday to assuage the doubts of his political base, by ar-

has clearly determined what is the extent of legitimate political dis-crepancy that can exist at this He added that although nine years have passed since Mr. Alleade was overthrown, "the enemies of that time bave permanently continued to agitate." He said that they were "encouraged even

by the mistaken representatives of

institutions of religious character."

Government supporters had expected a strong speech from General Pinochet as part of the govern-ment's effort to regain public confidence following a period of apparent instability.

Cabinet Dismissed Last month, faced with open differences among his ministers, Gen-eral Pinochet dismissed his cabinet only four months after it had been formed. He then began an intensive round of meetings with business groups, military leaders and rightist politicians in an apparent

3 Die in Vienna Disco Fire

The Associated Press VIENNA - Three persons were killed and one was injured early Sunday in a fire at the Sowieso discotheque in central Vienna, officials reported. The deaths were caused by smoke inhalation and that the cause of the fire was not



General Augusto Pinochet at the speech to mark the ninth anniversary of his takeover.

search for a consensus on economic policy.

The oew cabinet, named on Aug. 30, appeared to represent a compromise between the strict economic models and the demands of business groups. The oew eco-nomics minister, Rolf Luders, has said there would be no change in policy. But he has also quietly led heads of business groups to expect government action on their mounting debts, the recession and unemployment.

The result, said Jorge Fontaine, president of the influential Confederation of Productioo and Commerce, is that "there has been a relaxation of uncertainty. Business has regained some confidence and is willing to give the government some time." The drop in pressure from busi-

The problem is out the exact timing of the measures," said a leading Pinochet ally who helped draft the constitution. "It is that there is doubt that the willingness immediately known, the officials to carry through the transition ex-

ness groups, however, has not

slowed the criticism by General Pi-

nochet's civilian political support-

Air Force, Navy Rejoin Argentine Leadership Lieutenant General Leopoldo Gal-

nates to resign.

Oct. 1.

Wilfredo Lam, 80, Painter, Sculptor

By Edward Schumacher

New York Times Service BUENOS AIRES - Argentina's armed forces have announced that the air force and navy were joining the government of President Reynaldo Bignone, a retired army gen-

The move ending 11 weeks of interservice squabbling, means that the three-man junts of army. air force and navy chiefs will be reestablished as the country's supreme power, as it was before June 22, when the air force and the navy withdrew because of disputes with

the army. The announcement Friday repeated the previous junta's pledge that it would step down to an elected government "in the first months of 1984." It also said it would work with civilian leaders in developing the "essential aspects of a political, economic and social plan that will rule" until then.

coup more than six years ago. But interservice rivalry has often hampered decision making.

The military took power in a

The feuding increased after the army's surrender June 14 to British forces in the Falkland Islands. The president and army commander,

Compiled by Our Staff From Dispatches

drew his inspiration from Afro-Cu-

ban themes, has died at his home

Born in Sagua la Grande, Cuba,

Republican side in the Spanish civ-

il war and moved to Paris in 1938.

He joined the Surrealists after il-

Justrating a poem by André Bre-

ton, the writer and founder of the

His paintings and sculptures

Many of his works featured masks

and images in extravagant tropical

Surrealist movement.

PARIS - Wilfredo Lam, 80, a

Of the Surrealist Movement, Is Dead Mr. Lam moved back to Cuba in 1940, but in 1952 he returned to Paris, where he lived until his major contemporary artist who

Dr. Donald Pace

STOCKTON, California (AP)

— Dr. Donald Pace, 73, who was a Mr. Lam started his career in Spain in the 1930s, fought on the pioneer in research into the links between cigarette smoking and cancer, died Thursday of cancer of the lymph nodes.

Lawrence Valenstein

NEW YORK (NYT) - Lawwere strongly influenced by African and Cuban religious images. rence Valenstein, 83, who foundedthe Grey Advertising Agency and built it into one of the leading U.S. advertising companies, died Friday

They are motivated, however, not by environmental concerns but

All newspapers regularly carry small items about fines being lev-ied against stores charging more than the government-fixed prices

of polluting companies to expand and has virtually closed the doo on new sources of pollutants. The South Coast Air Quality

The rule, to take effect Jan. 1,

replaces a regulation that allowed topping off created long lines.

Now the country is using tions if they first shut down sourcest and private cars are emitted the same amount of

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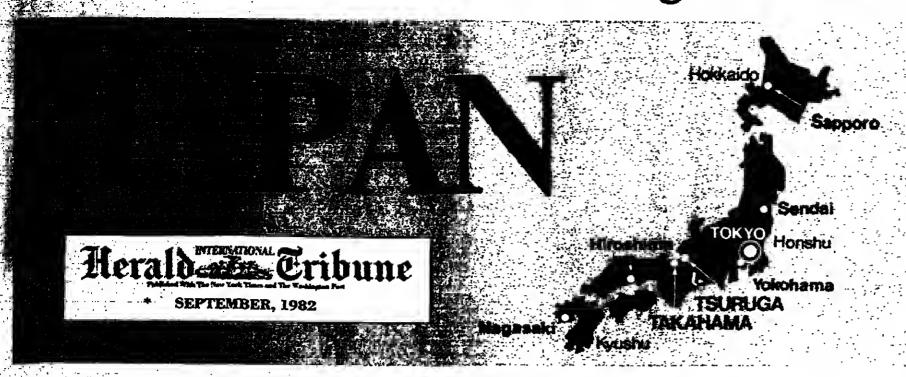
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Suzuki Administration Heading Toward Record Postwar Stability



Technology: Gains Firm in Long View

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TOKYO — When computer executives of Hitachi and Mitsubishi Electric Corp. were arrested in the United States a few months ago on charges of industrial espionage, the incident threetened to burst the bubble of Japan's new image.

After years of struggling to overcome a reputation for imitation and shoddiness, Japan has recently won a name as a first-rate and innovative industrial power. Now, the Hitachi and Mitsubishi scandal threatens to reverse that tide.

But those observers who hastened to judge Japan's technological level on the basis of the Hitachi-Mitsubishi case were drawing far too broad a conclusion. For the status of Japan's computer makers is a special case, a mi generis, which says little about the innovative capability of Japanese manufacturers in other areas.

The dominance of the International Business Machines Corp., the company whose computer secrets Hitachi and Mitsubishi were allegedly stealing, is virtually unique among U.S. companies overseas. With \$30 billion in sales this year, IBM will surpass Japan's computer makers in revenues from that product. Only in Japan, where Fujitsu Ltd. has been gradually able to take control of the market from IBM Japan, do the Japanese makers bave a major market position in the main frame computer business. But even Fujitsu's computer sales will total only \$1.5

More tellingly, because IBM has long been the worldwide leader in computers, its hardware and software have become the world standard. Several major companies have been created with the sole objective of producing machines that are compatible with IBM hardware, such as those produced by Hitachi. These so-called PCM (plug compatible) producers must be careful to study each new move made by IBM, so that their new devices are not made instantly obsolete by IBM's latest ac-

Hitachi's alleged espionage of IBM secrets must, therefore, be seen as a unique case — more as a symbol of IBM's power in the computer business than a symbol of Japanese subservience throughout the world

The real question is whether the Japanese performance in other areas—in which the U.S. competition is not as powerful—bears out their rising reputation for innovation, or whether the Japanese continue to be mere copiers of technologies imported or stolen from overseas.

Major Imbalance

The statistics on this question are misleading and confusing Japan's Science and Technology Agency's latest statistics show that, during fiscal 1980 (ending March 1981), Japanese firms imported \$1.439 billion worth of technology, up 14.2 percent from the year before. But during that period, Japanese industry exported only \$378 million worth of technology, up 10.5 percent. Those statistics seem to point to a major imbalance in Japan's technological trade, which in turn spells Japanese inferiority to foreign technology.

Overall, between 1950 and 1978, Japanese industry imported more than 32,000 industrial technologies through license agreements with for-

eign manufacturers, at a total cost of about \$9 billion. But such figures fail to take account of the fact that trade in technolo-

gy is usually done on the basis of long-term contracts. Thus, a large share of the imports of technology that appear in the 1980 and 1981 statistics

really represent contracts signed more than a decade or so ago.

A more accurate reflection of Japan's growing strength in technological trade was made by Gener Gregory, a professor in the department of comparative culture at Tokyo's Sophia University. "Japanese imports of technology continued to increase throughout the 1970s, and the cumulative behavior of the contract of the co tive balance of royalty payments continued to exceed receipts," he noted.
"But during the last half of the 1970s, imports of technology rose by a modest 10.8 percent, while exports of technology shot up by 140 per-

Mr. Gregory also said. "The most sensitive index of Japan's actual

Country (Year!		Population	incresse	Births	Deaths	tality rate	life at birth	
		(10001	Per 1000 persons			(Per t 000 live births)	Male	Female
JAPAN	1960	94 302	9.6	17.2	7.6	30.7	65.32	70,19
	1965	99 209	11.4	18.6	7.t	18.5	87,74	72.92
	1970	104 665	11.8	18.8	6.9	13.t	69.3t	74.66
	1875	ttt 940	10.8	t 7.1	6.3	0.01	71.73	76.89
	1980	t t 7 060	7.3	13.6	8.2	7.5	73.32	78.93
	19811)	t t7 88 t	6.9	13.0	6.2	7.1		
	1880							
Canada		23 940	8.3	15.5	7.2	al12.0	b}70.19	b)77.48
France		53 710	4.7	14.8	10.1	c) 9.8	d)69.73	d177.85
German	y, F.R.	61 560	~1.5	10.0	11.5	al14.7	el69.36	e)76.07
Italy		57 040	t ,5	11,2	9.7	e) t 5.3	f)62.97	1)74.85
U.K.		55 950	1.7	13.5	t 1.8	cl12.6	g)70.00	g)76.20
U.S.A.		227 640	7.3	16.2	8.9	cl13.0	a170.20	a)77,80

1) Preliminary figures. al 1978. b) 1975-1977. c) 1979. d) 1877. e) 1977-1979. f) 1970-1972.

The Pipeline-Ban Issue

Loud Private Dissent Behind Tokyo's Quiet Frustration

took visorous exception to President Reagan's reinforced embargo on the export to the Soviet Union of energy-related technology, Japan's reaction to the ban was one of muted official frustration coupled with loud grumbling in

Tokyo's posture, in contrast to the defiance of France, Italy, Britain and West Germany to the Washington fiat, can be attributed to three factors. First, Japan's economic stake affected by the ban was comparatively much smaller than that of Europe; it did not involve lucrative industrial export contracts. Second, Japan did not want to take action that could further aggravate its trade friction with the United States. Finally, it reflected the current parlous state of relations between Tokyo and

Since 1976, Japan has been enaged in jointly developing with the Soviet Union oil and gas re-sources off the coast of Sakhalin. When completed in 1988, the project is due to supply about I percent of Japan's total energy

Prospecting at two sites in the Sea of Japan off the southern tip of Sakhalin bas so far confirmed

OKYO — If Western Europe sits in the Chaivo geological structure, has a monopoly. Japanese took vizorous exception to ture, to the extent that commercial government leaders appeared congovernment leaders appeared confident that they could look for-ward to baving Washington again extending leniency in applying the exploitation is scheduled to get under way there in 1986.

Drilling at the Odopto structure was to be continued this summer with the Japanese providing the ocean drilling rig the No. 2 Hakuryu (White Dragon), which was to work in tandem with the Soviet rig Oha.

Eight exploration wells have so far been drilled in the Odopto structure at a cost of \$160 million to the Japanese partner in the project, the semi-public Sakhalin Oil Development Corp. (SODE-

But with the June 19 Washington decision to strengthen the embargo, the Japanese were unable to honor their contractual commitment with the Soviet Union to continue boring. Indispensable electric bed detectors, worth about \$2 million, came within the scope of the ban, as they were U.S.

This confronted SODECO with the possibility of defaulting on its contract at a loss of about \$200

On two previous occasions, this project has received exceptional licenses from U.S. government agencies for the export of the de-

12.2 percent in July from a year ago for the first double-digit de-

crease in six years and nine

months, marking a sharp dip in foreign sales that have been show-

ing a downturn since the beginning

The value of export letters of credit opened bas fallen from the

year-earlier level during every

was steepest in July when it fell 7.3 percent. Export letters opened in

June fell 5.3 percent from a year

This has led to fears in govern-ment and trading circles that ex-ports in 1982 may fall short of last

year's level for the first time in 30

Up in the present however, in-

flation has remained at a low level.

Wholesale prices for July, although

rising, showed an increase of only

1.3 percent from a year ago and consumer prices for June, the last month for which official figures are available, remained stable at a

year-to-year rate of 2.2 percent.

The five-year low recently re-corded in the exchange value of the yen to the dollar has touched

off a debate among some leading

Japanese economists on the causes

month since January. The decrea

of the year.

Party's Leadership Appears Assured As Program of Reform Takes Shape

By Ken Ishii

TOKYO — Having successfully weathered a series of crises that his opponents boped would bring about his downfall. Premier Zenko Suzuki charges of forward to re-election to another term in charge of what is turning out to be one of the most stable administrations in postwar Japan.

At the turn of the year, there were widespread doubts as to whether Mr. Suzuki would manage to retain the support necessary to assure his election next November to a second term as president of the ruling Liberal-Democratic Party — a post that assures

him the premiership,
There are still some who have doubts, for in Japan's political world of shifting factional alignments it takes only one wrong move to end a political career. But Mr.Suzuki's moves have been the right ones so far, and with no other serious contender for the LDP presidency in sight, he can be reasonably sure of his party's support for another two years in office. **Reckless Promises**

The doubts stemmed from the bold and seemingly reckless promises the premier made shortly after takng office. One was a pledge to reduce government spending through a program of administrative reform that would pare down Japan's bloated bureaucracy and balance the budget without raising taxes — a program on which Mr. Suzuki has repeatedly said he would stake his political life.

Basic-reform recommendations were recently presented by an ad boc commission of businessmen and scholars beaded by Toshiwo Doko, former head of the powerful Keidanren, the Federation of Economic Organizations. However, indications of the extent to which the reforms will be implemented will not come unul well after the LDP presidential election, and will

not affect Mr. Suzuki's image. Skepues predicted that the recommendations would go the way of similar proposals hammered out in the early 1960s with great fanfare, but blocked by bureaucrats and interest groups determined to preserve their fieldoms.

However, the premier's apparent zeal in tackling the issue and the greater urgency for reform today have raised hopes that some progress will be made.

There appears a good chance that deliberations will begin in the next Diet session on one of the most ambitious of the commission's recommendations, the breaking up of deficit-ridden Japan National Rail-ways into regional groups placed under private man-

JNR labor unions bave threatened to resist dismemberment at all costs, but with public irritation growing over JNR's frequent increases in fares -now well above those of privately operated lines -Mr. Suzuki will be able to press the issue with confi-

Party Ballots

Other recommendations include reducing the num-ber and size of public corporations that have mushroomed over the years. Many have outlived their usefulness except as havens for retired civil servants,

Election reform was another Suzuki pledge, which he fulfilled last month when the Diet enacted a controversial bill setting up a proportional representation system for candidates running in the national constituency in elections for the upper bouse. Of the 252 members of the upper chamber, 100 are elected from a nationwide constituency and the rest from prefec-

Under the new law, voters will cast their ballots for the party of their choice instead of for individual candidates. This is expected to reduce campaign costs long a goal of all political parties.

However, perhaps more fundamental to Mr. Suzuki's expectation of another term is the fact that (Continued on Page 6S)

BASIC DATA

Population: 117 million. Labor force: 56 million. Area: 369,698 square kilometers (142,74)

square miles). International reserves: U.S. \$28.2 billion. Imports (1980): 140.5 billion.

Exports (1980): 129.8 billion. Gross National Product: (1980) percentage change, 4.2; 1981, 3.5; 1982 (forecast).

Industrial production: (1980) percentage change, 7.0; 1981, 3.1; 1982 (forecast), 6.2. Consumer prices: 1980 percentage change, 8.0; 1981, 4.9; 1982 (forecast), 4.2, Balance of payments current account (\$ billion): 1980 percentage change: -10.7;

Exchange rate: U.S. \$1 = Yen 259.70

(Sept. 9, 1982).

Contracts Aim At Minimizing Trade Friction

By Robert Y. Horiguchi

OKYO - When a product begins to gather dust I on the store shelves, retailers in Japan often turn to their supplier to take back the slow-moving article at the price for which they had bought it. And the supplier complies.

This is but one of the traditional commercial practices that puzzle foreign businessmen who are uninitiated in Japan's trading mores. Some time ago, when Japanese electronic watches

caused a sharp slump in the sales of a Swiss mechanical brand watch, their dealers throughout Japan called on the importer to abide by this age-old unwritten custom, known as henpin, by taking back part of their stock.

Because of the heavy financial burden that compliance would entail, the importer - a Swiss firm long established in Japan - turned to its banker for finan-

The latter agreed to provide the funds, thus enabling the importer in lighten the inventory load of his dealers by re-purchasing the watches and thereby retaining their good will. To have done otherwise would have signified forsaking a dealer network that had been patiently and arduously built up over three perceptions, and shadosing the purchase of three parents of the percent of the parents of the percent of generations and abandoning the prospect of future

Swiss watches have always been prized in Japan for their quality. Regarded as a status symbol, they re-main one of the best-selling imported goods in spite of fierce competition from the Japanese watch indus-Recalling this episode, the foreign banker noted:

(Continued on Page 7S)



Electronics City We've all grown up hearing about what the city of tomorrow would be

like, but few foresaw the revolution in electronics that would bring about the realization of that city today. Toshiba saw. In fact, Toshiba was one of the pioneers in the building of "Electronics City," where many tools have been redesigned or developed to make life easier for all.



While attending the Versailles

summit conserence in June, Japa-nese Premier Zenko Suzuki

brought up the subject of an ex-emption for the Sakhalin project during a private meeting he had (Continued on Page 6S)

Microcomputer Technology: Toshiba's contribution to "Electronics City." Behind the tremendous boom in electronics

rests a silicon chip only 5mm square: the Large Scale Integration microchip. Toshiba developed the microchip equivalent to some 400,000 transistors in function. We also introduced the world's highest performance Sapphire-on-Silicon microcomputer. And at the moment, we are working to develop even greater capacity ICs. This electronic technology has been adapted for use in almost all the devices found in the home and in industry to enhance their capabilities and better our lives. In the home, Toshiba microcomputer techno-

logy is at work in microwave ovens that

"memorize" menus, in Digital-Audio-Disc players. in microcomputer controlled airconditioners. In the office Toshiba microcomputer techno-

logy works to send facsimile transmissiona in 20 seconds anywhere in the world. In Mass Transit, Toshiba technology is being

employed in the development of the linear induction motor that can electromagnetically levitate trains to increase their speed to 500 kilometers an hour.

In Health Care you'll find us behind CT scanners, ultra-sound tomography and chemical

In the field of energy conservation, satellite communications, education, entertainment, you name it - Toshiba electronics are paving the way towards "Electronics City."

In Touch with Tomorrow

Deficit Overhang and an Undervalued Yen Cast Shades of Doubt on Economic Revival

TOKYO — Japan's Ministry of Prinance has found that it cannot buck market forces.

national product for the fiscal year than \$11 billion was recorded, largely due to lower-than-expected tax revenue. A shortfall of \$15 billion was recorded.

As the market rate on the goverament's 10-year bonds continued to slide, a syndicate of banks and security houses balked at un-derwriting a projected new issue mless the ministry raised the yield

on the debt instruments.

This reductance caused a one-mouth delay in the floating of the \$3.1-billion issue until the government agreed to a 0.5-percent increase in the coupon rate.

The new bonds will thus have a 8.274-percent yield to subscribers against the 7.811 percent of the previous issue made last December. This step brought with it a corresponding across-the board life in Japanese long-term interest. rates in the face of a growing demand by a powerful reflationary lobby for a lowering in the cost of money so as to stimulate domestic demand in order to bring Japan out of a yearlong economic slump. The long-term prime rate has now gone up to 8.9 percent.

As a result of the vast in-

creases in the urban popu-

lation of Japan — especially in the 1960s — 42.4 per-

cent of the total population

in 1980 was concentrated in

the three major metropoli-

tan areas: the areas within

the range of 50 kilometers.

distance from the city cen-

ters of Tokyo, Osaka and

Nagoya. However, the pro-

portion of the total popula-

tion residing in the areas

between 1975 and 1980

reveals almost negligible

grine projections of government economists. It was the slowest growth pace in seven years. Few private-sector, economists expect the current fiscal year's growth to exceed 3 percent — far below the official forecast of 5.2 percent.

A Slight Surplus

Throughout its years of rapid economic growth, from the early 1950s to the mid-1970s, Japan's budget was balanced or in slight surplus. Deficit spending came in 1975-1976 to tide over the effects of the oil crisis in spite of an in-junction against such a practice contained in the Finance Act, which requires a balanced budget.

The deficit is now more than it was seven years ago. It is larger, both per capita and as a propor-tion of the GNP, than the deficit of any other highly industrialized country, with the exception of

lion to \$19 billion is expected this fiscal year. The government's debt now

stands at \$315 billion.

As this deficit overhang casts a shadow on Japan's [mancial wellbeing, the continued weakness of the yen is starting in burt the Japa-nese economy. Far from stimulat-ing exports, which continue to be sluggish, the undervalued Japanese currency threatens to trigger infla-tion, further dampening the pros-

One up to 8.9 percent.

During the last fiscal year ended
The real growth in Japan's gross on March 31, a deficit of more a customs clearance basis dropped

pects of economic revival. Foreign Sales Dip In July, the wholesale price in-

dex went up 0.6 percent from June for the steepest month-to-month rise since May of last year. Much of the increase was attributed to an increase in import prices for oil and other raw materials. According to the Bank of Japan, prices for imports rose 2.3 percent in July from a month before.

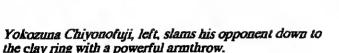
City Tokyo 8 349 2774 Yokohama 2648 Osaka 2 088 Nagoya 1 473 Kyoto 1 402 Sapporo 1.367 Kobe 1 089 Fukuoka 1 065 Kitakyushu

Population (1000)

for the depreciation of their country's currency. It has been the position of official financial experts, led by Bank of Japan Governor Haruo Mayekawa, that the wide spread between U.S. and Japanese interest rates was to blame for the yen's weakness. When the yen failed to react to the four successive lowerings of the U.S. prime rate between June and August, doubts began to be publicly expressed on the validity of this argument. The contrary view is that the cause of the depreciation of the yen lies in flaws in the "fundamentals" for Japan's economic well-

being. These are the economic growth rate, the unemployment







Wakanohana, the third grand champion, waves to his admirers outside the Kokugikan

Sumo's National Cultural Appeal Transcends Centuries Matches Flourish at Shrine and School Festivals, Draw Millions to Radio and Television

By Andy Adams

TOKYO - How can a 2,000i year-old sport like Sumo wrestling continue to appeal to the Japanese people century after cen-

The answer is a complex one since Sumo attracts many different people for many different reasons. Every afternoon during the six annual grand Sumo tournaments, about 15,000 avid Japanese fans jam themselves into the cramped, four-man, straw-matted boxes and seats of the nation's arenas to experience first-hand the feudal pageantry and excitement of one of the world's oldest and most colorful sports. Millions more crowd around their television sets to watch the action on the semi-government NHK-TV, which presents the final two bours of a full, sevenbour day of Sumo on a nationwide, TV and radio hookup.

Huge Japanese wrestlers, who some think of as carrying on the Samurai tradition, struggle with is a spartan existence in which do.

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only the strong survive. Millions of young boys idolize the grand champions and other high-ranking rikishi (wrestlers), while women and sports-minded men regard them as national heroes.

Any Japanese boy worth his salt has dreamed of becoming a Sumo grand champioo at one time or another. From the smallest villages to the largest cities, Sumo flourishes in shrine festivals, school contests and amateur tournaments. All a boy needs is to put on a makeshift loin cloth and draw a large circle, 14 feet 10 inches in diameter, on the ground, and the Sumo match is ready to begin.

Taxi drivers and others confined to their cars and trucks during the late afternoon religiously tune in their radios to the two hours that Sumo is broadcast. Indeed if there is anything that can break the blind concentration of the workdedicated Japanese it is Sumo the ancient style of native wrestling that combines tradition, ritueach other for supremacy in al and man-to-man combat in a Sumo's 15-day tournaments, but it unique way that few other sports

Which full service

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for special cargos?

Sumo is not merely the oational sport of Japan — it is the essence of Japan. Japanese at a Sumo touroament are more at ease, more themselves than at any other time or in any other place. Nowhere else is their friendliness and conviviality more evident. They are truly in their uniqueness as individoals by the way they shout for their

particular favorites or exchange drinks with foreign fans in a neigh-boring box. Their love of tradition, respect for ritual and feel for history are everywhere apparent, as is their flair for creating spectacle. Dr. Hitoshi Abe, a noted Japanese psychologist, bas pointed out that the popularity of Sumo has been steadily increasing for the past several years, both with young

society," he said, "creates a oeed for a psychological balance in life — homeostasis, in other words." Webster's dictionary defines it as a tendency toward maintenance of a relatively stable psychological condition of the individual with respect to cootending drives, motiva-

people as well as their elders. "The

rapid industrialization of Japanese

tions and other psycho-dynamic The picnic-like atmosphere of a

day at the Sumo matches helps provide this balance," Dr. Abe adds. "It offers people a release or escape from the tensions and pressures of modern urban living. They can sit in their little box with oothing to worry about except who is going to win the next bout. Sumo gives Japanese a link with the past. Oldumers enjoy it because it rem-inds them of bygone days when life was simpler and more relaxed, while the younger people like it be-cause it is part of the old Japan they never knew and now have a chance to participate in since the Sumo environment has changed very little over the centuries. Experiencing this unchanging environ-ment of traditional Japan is very important for the Japanese people. It is not just a question of looking on, as in a Chambara (Samurai) movie. Rather, one becomes an actual part of the Sumo environment, which is oot merely a re-creation of the past — it is the past continuing into the present, virtually unchanged."

Japanese a keen sense of history dating back almost 2,000 years. Ancient records describe a mythological Sumo match between two gods, but the first real bout is said to have been fought in 32 B.C., when two of the country's strongest men battled each other to the death in a no-bolds-barred contest. The Imperial Court in the Nara Period in the 8th century sponsored annual Sumo tournaments, and during the rise of the Samurai 500 years later, Sumo was converted into a battlefield martial art from which jujitsu - and eventu-ally, judo - developed.

sional sport and then began to assume something akin to its present form. In the 300 years that have passed since Akashi was named the first Yokozuna, there have been only 58 grand champions. Sumo also appeals to the religious feelings of the Japanese since,

bolize purity and discipline.

When they stamp their feet onto the hard clay ring during the pre-bout ceremonies, it means they are trampling evil spirits underfoot. The zigzag-shaped paper streamers called Gohei that hang from the front of the Yokozuna's rope-belt are the same kind of paper streamers seen at Shinto shrines.

Many Japanese relish the pageantry, costumes and ritual of Sumo since it is almost as much a colorful spectacle as it is a sport. The daily entrance of the gladiators, the Dohyo-Iri, is one of the most appealing moments of Sumo. Wearing elaborately designed, silkembroidered aprons that extend to their ankles, the wrestlers in the two top divisions (there are six di-visions totaling over 700 rikishi) are divided into east and west groups and form a circle up on the Dohyo (ring) as they are intro-

The grand champions, wearing their huge white linen rope-belts as well as the Gohei streamers over their Kesho-Mawashi aprons, per-(Continued on Page 8S)

Sumo gives the tradition-minded

But it was oot until the beginning of the 250-year-long Tokugawa Period (1616-1867) that Sumo was turned into a profes-

like so much of Japanese life, it has its roots in the native Shinto religion and court pageantry, with much of the ritual pomp and cere-mony still retained today. The roof suspended over the ring by cables represents a Shinto shrine, Shinto priests bless the Dohyo (ring) or the day before the start of each tournament in a ceremony called the Dobyo Matsuri and the rikishi (wrestlers) themselves toss salt into the ring before each bout to sym-

duced to the spectators.

Resplendent Costumes

SODECO's capital is provided by a ournber of large Japanese

Suzuki Administration Heading Toward Record Postwar Stability

(Continued from Page 5S)

his party enjoys a stable majority in both houses. The conservatives have had a virtually unbroken hold on power since 1945, but seldom has their position been as secure as it is today.

Any political threat to the premier will come not from the opposition parties, who seem in constant disarray, but from his own Liberal-Democrats.

Although public discussion of the subject is taboo among LDP members, there is much concern over what effect the verdict in the trial of former Premier Kakuei Tanaka, accused of accepting Lockheed bribe money, will have on the power balance among the

A verdict by a Tokyo district court is expected toward the end of the year, and the Japanese press, which has reported in detail the evidence unfavorable to Mr. Tanaka, openly predicts that he will be found

A guilty verdict would be a blow to the former premier, but the fact that he has been under suspicion ever since the scandal broke six years ago has failed to, diminish his political influence. Although he resigned his LDP membership to avoid tainting the party, as an independent he still controls the largest LDP faction—thanks to which Mr. Suzuki remains in power.

Insiders say it was Mr. Tanaka's persuasiveness that was to a large extent responsible for the decision to extend the previous Diet session to end in August, instead of calling a special session in the fall at a time that would probably coincide with the verdict, provid-ing the opposition with an arena in which to attack the former premier.

Textbook Crisis

Mr. Suzuki's supporters agree that a fall session would be undesirable, but their argument is that it would clash with his scheduled visit to China.

The visit is planned to mark the 10th anniversary of the restoration of Japanese-Chinese relations, which was negotiated when Mr. Tanaka was in office.

That plans are going ahead as scheduled is an obvious relief to Mr. Suzuki, who faced a major crisis when China protested against the reference in recently revised Japanese history textbooks to Japan's ag-gression in China as an "advance."

South Korea also protested strongly at what it said were Japanese attempts to whitewash this country's subjugation of Korea in the early 1900s.

After some initial besitation, the LDP government backed down and, in an unprecedented move, promised to have the offending words deleted in the

interests of historical accuracy.

The Tanaka faction has 109 members, or about a fourth of the LDP's total strength in the Diet. Mr. Tanaka's cootinuing influence is underscored by the fact that Mr. Suzuki named Susumu Nikaido, a Tanaka lieutenant and himself a suspect in the Lockheed case, to the powerful post of party secretary-general. As such, Mr. Nikaido has an important voice in deciding who will be approved as official party candidates and how election funds will be distributed.

The main factions against Mr. Suzuki include those led by Takeo Fukuda, a former premier, and by Toshio Komoto, who is director-general of the Economic Planning Agency. Intra-party harmony has al-

Party Total fixed seats.... Liberal Democratic Party Democratic Socialist Party

House of Representatives

Japan Communist Party

New Liberal Club Democratic Independents Vacancies House of Councillors Total fixed seats. Japan Socialist Party Komel Party Japan Communist Party

ways depended on the distribution of cabinet posts relative to factional strength in postwar Japanese politics, but consciously or unconsciously, the selections have been working to Mr. Suzuki's advantage.

Democratic Socialist Party 11

Dal-niin Club

Ichi-no-kal Independents

Vecancles

The Suzuki faction contends that the responsibility for Japan's economic problems should be shared by Mr. Komoto, as well as by the minister of international trade and industry — a member of the Fukuda

The government's revenue shortfall in fiscal 1981 was around 2.7 trillion yen, and the deficit for this year is expected to soar to 6 trillion yea. Moreover, the economic growth rate for 1982, originally set at 5.2 percent, has been downgraded considerably since, with estimates now at around 2 percent. But by world standards, the Japanese economy is in

good health, and Mr. Suzuki is hardly likely to be replaced over economic issues.

The question now is whether Mr. Suzuki can be stopped at all in his bid to retain power. His supporters are so confident that they predict it will not even

be necessary to hold a party primary election to narrow down the presidential candidates. A primary requires at least four candidates, and oo one else is a threat to Mr. Suzuki.

Pipeline: Tokyo's Quiet Frustration

with President Ronald Reagan.

Meeting with members of his delegation later, Mr. Suzuki gave them the impression that he had received the occessary assurances from Mr. Reagan for a special dispensation for the Sakhalin

Following up on Mr. Suzuki's top-level approach, Shintaro Abe, minister for International Trade and Industry, visited U.S. Ambas-sador Mike Mansfield in Tokyo early in June to obtain his support for an exemption. Mr. Mansfield reportedly recommended such a step to Washington.

When the Japanese officials learned that all these appeals had been of no avail and that the enlarged U.S. ban applied to all Soviet energy development, as well as to all pertinent equipment, Mr. Abe promptly shot off a letter to his U.S. counterpart expressing "disappointment after repeated requests" and contending that the embargo's effect was more prejudicial to Japan than to the Soviet Union. He declared that Japan would continue its efforts to complete the project as required by the SODECO cootract with Moscow.(Dresser Industries in France and John Brown Engineering in Britain recently shipped compressors to the Soviet Union despite the U.S.

embargo.) Foreign Minister Yoshio Sakurauchi also formally expressed his disappointment at the Washingtoo action in a letter to Alexander M. Haig Jr., who was secretary of state at the time.

Moscow kept Tokyo in suspense for almost two months before re-vealing that it would not invoke the contracts' default clause, which would have virtually scuttled the joint project.

well as by the government, at a 30 Commerce and Industry, who is to-70 ratio. The largest private chairman of the Japan-Soviet Busishareholder, with 8 percent of the outstanding stock, is C. Itoh & Co. Others, each with about J.6 percent equity, are the Marubeni, Sumitomo and Nissho-Iwai trading houses, the oil importer Idemitsu Kosan and the Kakyushu Oil

On July 28, SODECO's president, Sadao Kobayashi, an-nounced that he had reached Soviet rig Oha would be used this year to drill only two exploratory wells in the southern part of the Odopto structure instead of the five originally scheduled. Because of the harsh weather in the area, the working season is only three

Next year, Mr. Kobayashi said, SODECO would try to charter a rig that would be exempt from the embargo from among the 670 rigs operation throughout the world in time for the start of drilling op-

erations in July.
Oil experts in Tokyo were quick to point out that Mr. Kobayashi will find it difficult to locate such a rig as most of these installations depend on U.S. technology and

Moscow's acquiescence to carry on the Sakhalin project was inter-preted in Tokyo diplomatic circles as evidence that the Kremlin wanted to exploit the embargo issue in a way it would benefit the standing objective of the Soviet Union — to split Japan from the United States.

This view gained wider credence when Soviet Trade Minister Nikolai Patolichev, hard on the heels of Moscow's agreement to continue the Sakhalin project, proposed the holding of a business cooperation

seeting with Japan.

Mr. Patolichev addressed his bid to Shigeo Nagano, the influential ness Cooperation Committee.

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Previous gatherings of this kind, held since 1976, have stalled be-cause of wide political differences between Tokyo and Moscow that have plunged the relations between the two countries to a low level. Principal among these conflicts is the issue of the Northern Islands and the Japanese economic sanctions against the Soviet Union over

The Northern Islands are four small islands located off Hokkaido that were seized by the Soviet Union in World War II shortly after Japan's surrender in 1945.

The Japanese hold that these is-lands have always been Japanese territory and were never part of the Kurile Islands chain that Russia ceded to Japan in 1905.

Japanese sanctions imposed following the 1979 Soviet intervention in Afghanistan restricted exports of capital machinery and high technology as well as restricting credit on a case-by-case ap-proval basis. This promptly brought about a contraction of Sovict-Japanese trade. In 1981, this trade anmounted to 5.28 percent of the Soviet Union's total trade. Steel, machinery and chemicals accounted for almost 90 percent of the Japanese exports, while imports from the Soviet Union were primarily timber, non-ferrous metals, cotton and wool. In addition, the Soviet Union sold Japan an estimated \$500 million in gold.

Soviet coal deliveries to Japan were estimated at 1.2 million tons in 1981, a 50-percent reduction since 1979.

In comparison, Chinese-Japa-nese trade in 1981 amounted to \$10.4 billion, nearly double the trade between Japan the Soviet

--- ROBERT Y. HORIGUCHI



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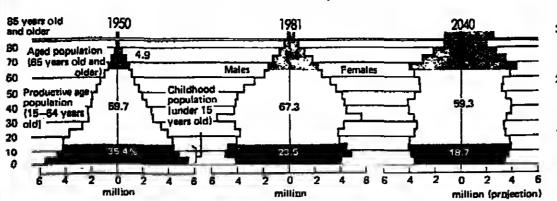
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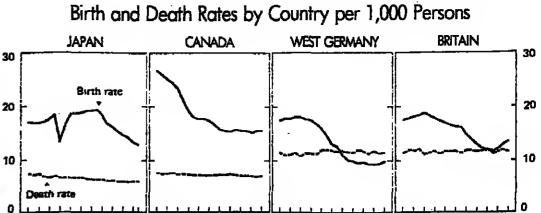
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Japan's Population Pyramid



Increasing Longevity Could Upset Economy Within Decades

(Confinged from Page 5S)

In Long-Term Perspective

Technology: Gains Solid

sectionological trade position is the ratio of receipts to payments for new Scenses." And by that index, Japan became a net exporter of technology as early as 1972, when its receipts were 25-percent larger than its pay-

ments, under new contracts. By 1977, Japan's receipts, through new contracts, more than doubled its expenditures.

According to a survey by the Nihon Keizai Shimbun, m 1980, Japanese companies listed on the Tokyo Stock Exchange were earning \$425 million annually on technology exports while paying only \$350 million a year for imported technology.

To be sure, even these statistics do not indicate that Japan has surpassed — or even reached — the level of U.S. or European industry in every industrial area. Those areas in which the Japanese continue to be set importers of technology include chemicals, metallurgy, nuclear elec-nic power plants, large thermal-steam plant boilers, heavy-duty machinery and computer-related equipment.

But a spate of recent contracts shows that individual companies within seen these areas are able to carn substantial royalties by selling proprietary technologies to U.S. and European companies. Thus, Sharp Corp. of Osaka recently signed its first deal to supply Rockwell Corp. with integrated circuit technology; Toshiba signed a similar deal whith Zylog Corp.; Sumitomo Metal is supplying welded pipe technology to both U.S. Steel and Jones and Laughlin; Hitachi and Kanematsu Gisho are selling elevator knowhow to Canton Elevator Co., and Nihon Kayakn is exporting acryl acid production technology of the U.S. subsidiary of West Germany's BASF.

One misleading factor in this analysis is that a positive balance in technology trade is not necessarily a reflection of commercial success.

Thus, last year, Japan's automobile industry — now the world's largest

— nevertheless continued to import more technology than it exported to
the world. In fiscal 1980, Japanese auto companies sold more than \$4 billion worth of technology, in 169 separate contracts, while importing more than 20 percent more in dollar terms in 258 contracts.

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wingraded constants. While such figures include carryovers of some long-term contracts, even those contracts signed during that year show a cet deficit for the Japanese makers. Moreover, according to the Science and Technology Agency, the range of Japan's automobile technology imports continues to extend widely and deeply. It includes supercharger technology from Bendix Corp. for Jidosha Kiki; fuel injector technology for auto parts maker Kiesel Kiki, from West Germany's Robert Bosch; front-wheel suspension technology from Bayerishe Motoren Werke for Mitsubishi Motors, and interior and exterior furnishing designs for Honda Motor from Pininfarina of Italy. Even the beleaguered U.S. automobile industry got into the act, with General Motors - which owns 34.2 percent of Isuzu Motor — supplying electronic engine control technology to its Japanese consin.

No wonder experts in Japanese industry are reluctant to consider innovation the most important benchmark in their search for industrial superiority over the West. So long as it can continue to import significant portions of the technology it requires, yet still offer products that are more attractive and price-competitive than those of its competitors, panese industry will not have to be unduly concerned about the level

Nevertheless, there are some powerful reasons for Japan's strong will to become known as a nation of innovators. One factor is simply that, as Japanese industry attains international competitiveness - or superiority in so many product lines, it can no longer expect to wait until other engineers develop products. It will no longer be able to purchase the technologies that take its products one step further, if there are no foreign companies ahead of the Japanese standard.

TOKYO — Japan's declining birth rate and increasing longevity mean that young people in the future may find the aged putting an increasingly painful burden on their wallets.

Japan's society is "graying" at an un-precedented rate — faster than any of the other industrialized nations — and projections show that in the 21st century it may be the advanced nation with the highest proportion of old people. The aging trend started after World War II as improved medical care and diet reduced the infant mortality rate and added years to the average life span of the Japanese. During this time, they also started limiting the size of their families, primarily because of urbanization and the souring costs of rearing — and especially educating — several chil-dren. Lower birth and fertility rates will

keep Japan's annual population growth low — it was 0.7 percent in 1981, the lowest rate in postwar history - but the overall number of people at the turn of the century is expected to swell to 135 million. up 15.5 percent from the present 117.9 million. Forty-five percent of the present population lives in three metropolitan areas - Tokyo, Osaka and Nagoya -

making up 10 percent of the land mass. Older employees will increase and, as they retire, younger employees will find their paychecks shrinking because of in-creased social welfare deductions. In 1980, an average of 6.8 workers supported each elderly person, but in 2015 the number will drop to 2.6 employees, according to an economist, Kaoru Yoshikawa, in a gov-ernment report entitled "The Maturation of the Social Security System." Compared with other industrialized nations, Japan

welfare for the elderly because of the present, comparatively low proportion of aged people. Demand for social services has been less because of the high rate of per-sonal savings and the tradition of home care for the aged.

The Nihon University Population Re-

search Center estimated, however, that social security expenses would climb to 48.5 percent of the national income in 2025, compared with the 1980 rate of 12.5 percent. The tax burden, including social security deductions, would soar to 63 percent from 31.1 percent, it said. Nationwide, 68 percent of elderly Japanese now live with their married children - generally the eldest son's family - but increased urbanization makes it harder for several generations to crowd together under one apartment roof, said Mariko Shu-

gahara Bando, deputy counselor in the Prime Minister's Policy Office for the Aged. Also, many people live on for several decades after retirement, further straining their children's resources, she said. A 1981 survey by the Ministry of Health and Welfare put the average life expectancy for Japanese males at 73.8 years — the world's highest — and for females at 79.13, slightly behind Iceland's 79.7 years.

Strong family ties and a Confucian sense of duty will keep the number of extended families high, but more must be done to help those who cannot afford the extra financial burden or provide adequate care for the ill or bedridden, Mrs. Bando said. Government estimates showed that almost half a million elderly Japanese now oeeded professional care. but in 1980, the 1,031 government-sup-ported nursing bomes could accommodate

ties for the more physically able cared for 82,994, and the number of bedridden elderly Japanese will surpass 1 million in the year 2000, according to Mr. Yoshikawa. In addition to increased facilities, more home helpers are needed to assist the elderly living alone, Mrs. Bando said. The national government, bowever, suffering from buge deficits, "cannot provide too much support to subsidize facilities and home helpers," she said. Since the government publicly supports the tradition of home care for the elderly, many workers are con-cerned about their old age, and young people strive to enter prominent companies to gain the security of lifetime employment.
"In that sense, young workers are already aged; worried about the future, they grow conservative," a 28-year-old trading com-

Contracts Bridge Cultural Differences to Minimize Trade Friction

(Continued from Page 5S)

"The Western way of thinking that once goods are sold they are sold does not hold in Japan. Here the quality of a relationship between supplier and his customers is measured more in terms of human association than on conditions of price or payment.

"Take for instance, a contract. We, in the West,

look upon it as a document where each party sets down his respective rights and obligations. In other words, a contract says, 'I will do this and you will do that and oo more.' It is an agreement, so to speak, between adversaries. Io Japan on the contrary, a contract is considered to be the beginning of a partner-ship between the signatories and the longer this partnership lasts, the better. For to the Japanese a na tsukiai - long relationship - is a key element in the conduct of business."

It is also customary in Japan for wholesalers to determine the rate of rebates they grant retailers, according to the amount of business they get from each

Such a practice is strictly banned in the United States on the grounds that it constitutes discriminato-

If the variance in concepts on the nature of a contract and its binding power can be traced to Confucian teachings, there are a myriad Japanese trading customs that originated in the 17th century when the Shogun relegated merchants to the lowest rung on the

Cultural differences such as these are likely to be increasingly highlighted as Japan seeks to increase imports and attract foreign investors so as to lessen rade friction with the European Community and the United States.

On Jan. 31, the Tokyo government announced steps designed to eliminate 67 so-called non-tariff -ROBERT Y. HORIGUCHI barriers, and an across-the-board accelerated reduction of tariff rates on 1,653 import items, two years ahead of the schedule established under the Tokyo Round of the General Agreement on Tariffs and

It then came up oo May 28 with a second "package" of measures to open up the Japanese market. These call for the elimination by March 31, 1983, of import tariffs on 96 items, and tariff reductions on 119 items; an improvement of import testing procedures; a relaxation of import restrictions; an expansion of imports; the improvement of the distribution system and business practices; the liberalization of trade in services and the development of high technol-

This announcement was emphasized with a statement by Premier Zenko Suzuki calling on officialdom and private business "to be even more clear and forthcoming in taking an attitude of extending a welcome to foreign manufactured goods and investments and not to discriminate against them."

These series of actions prompted a Japanese teacher of international business at two Paris universities to exclaim that "Japan is the only country in the world and in history that has deployed so much of its resources to help foreign products penetrate its home

Masaru Yoshimori added that "the Japanese feel these efforts are hardly taken note of, much less appreciated, by their trade partners and they doubt their significance when foreign firms do not seem to have any genuine motivation to tackle the Japanese mar-

Diametrically opposite views were expressed, how-ever, by U.S. officials following a recent four-day working level meeting with their Japanese counter-

Assistant U.S. trade representative James Murphy said that the Japanese market liberalization measures Clyde Prestowitz, U.S. deputy assistant secretary of

commerce, remarked that he had "not seen many concrete demonstrations" of the welcoming attitude to foreign products called for by Premier Suzuki.

Mr. Prestowitz singled out as unfair the existence in Japan of so-called depressed industry cartels, import associations and industrial groupings, which, he contended, violated Japanese anti-monopoly laws. He cited a report of the Japanese Fair Trade Com-

mission that listed 489 legal cartels in Japan in fiscal The Ministry of International Trade and Industry explained that such authorized cartels are designed to

help structurally weak Japanese industries to restruc-ture themselves by shedding their excess production capacities. It said that such industrial adjustments contribute to an expansion of Japanese imports of foreign manufactured products. Mr. Prestowitz's observation on the Japanese industrial groups came as the Fair Trade Commission disclosed that it would start investigating whether or

oot these vertical industrial groups and the major Jap-anese trading houses were engaging in restrictive trade practices in violation of OECD rules. The probe targets, the Fair Trade Commission said, were the Mitsui, Mitsubishi, Sumitomo, Sanwa, Dai-Tchi Kangyo groups that have banks of the same

name at their apex and the Fuyo group headed by the Also to be investigated are the operations of the six

major trading companies — Mitsui, Mitsubishi, Nissho-lwai, Marubeni, C. Itoh and Sumitomo. The commission said that it would seek to find out whether these groups and trading bouses were delib-

have had little tangible effect, adding that all Japan had done was to spell out its plans to open its market wider to foreign-made products.

erately avoiding to deal in imported products and according specially low prices and favorable terms of payment to specific wholesalers who had close financial relations with them.

To do this, the commission will seek from the organizations being investigated information detailing the quantities of imported manufactured goods they handle, the extent of their investments in wholesalers and the amount of intra-group business. The commission has so far made a study of the

distribution channels of imported motor vehicles and medical equipment Lawrence F. Snowden, president of the American Chamber of Commerce in Japan, bad earlier publicly

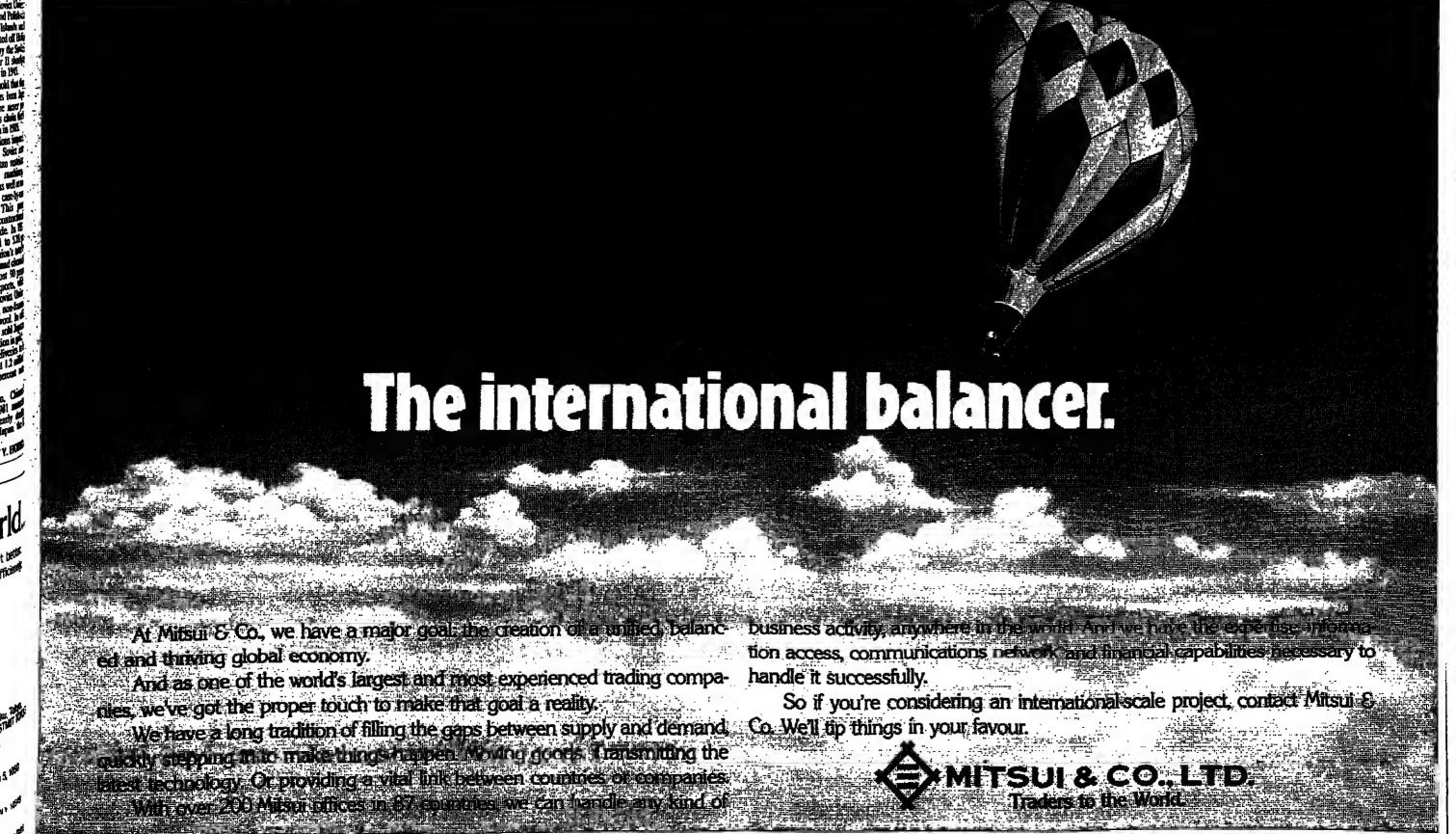
complained that Japanese banks, manufacturers, trading houses, warehouses and transport companies had such a close relationship that it was extremely difficult for foreign products to find their way into the Japanese distribution channels.

The FTC also has announced that it was looking into business customs such as granting an exclusive territory to a wholesaler and appointing a sole agent, which, it said, were "similar in character" to unfair trade practices. It has already carried out investigations into the activities of sole agents for imported motorcycles, chocolates and electric razors.

Foreign businessmen complain that Japanese importers tend to use the foreign image to fix very high

"The result," one of them said, "is perhaps a very prestigious image for the product but also a low im-port volume, very limited distribution, high margin and a retail price high enough to invite copy-cats into the market.

The proclivity of Japanese manufacturers to adopt idea and products coming from abroad before importers can get too far ahead has also given rise to (Continued on Page 13S)



LONDON DUBLIN ANTWERP ATHENS STOCKHOLM OSLO BERGEN DUSSELDORF HAMBURG MUNICH VIENNA BERLIN BUDAPEST WARSAW PRAGUE BUCHAREST SOFIA BELGRADE BRUSSELS AMSTERDAM PARIS MILAN LISBON MADRID BARCELONA LAS PALMAS MOSCOW ALGIERS CASABLANCA TUNES ABIDIAN LAGOS DUALA KINSHASA LUANDA DAR ES SALAAM HARARE LUSAKA KITWE JOHANNESBURG NAIROBI KHARTOUM ADDIS ABABA CAIRO TRIPOLI TORONTO MONTREAL VANCOUVER CALGARY NEW YORK CLEVELAND MIAMI WASHINGTON D.C. CHICAGO DETROIT HOUSTON DALLAS - FORT WORTH ATLANTA SEATTLE PORTLAND SAN FRANCISCO DENVER LOS ANGELES PHOENIX MEMPHIS MEXICO CITY MONTERREY HAVANA PANAMA GUATEMALA QUITO GUAYAQUIL CARACAS PORT OF SPAIN BOGOTA LIMA LA PAZ SANTIAGO SAO PAULO RIO DE JANEIRO BELO HORIZONTE BELEM BRASILIA CASCAVEL BUENOS AIRES ANKARA ISTANBUL AMMAN BEIRUT SANAA DAMASCUS BAGHDAD RIYADH JEDDA AL-KHOBAR ABU DHABI DUBAI MUSCAT KUWAIT BAHRAIN DOHA TEHERAN KARACHI LAHORE ISLAMABAD DACCA CHITTAGONG NEW DELHI CALCUTTA MADRAS BANGALORE HYDERABAD BOMBAY GOA BHUBANESWAR COLOMBO RANGOON SINGAPORE KUALA LUMPUR KUCHING KOTA KINABALU JAKARTA MANILA BACOLOD BANGKOK HATYAI VIENTIANF

Size.

The Savings Banks Organization is Germany's largest bank grouping with a combined business volume of over DM 900 billion - a market share of some 40 per cent - and more than half of the nation's total savings deposits. Operating within the system are 598 independent Sparkassen and 12 Landesbanken, as well as 13 Öffentliche Bausparkassen (Public Building Societies), which together maintain 18000 offices and employ a staff of over 200.000.

Scope.

The facilities and services of Germany's Sparkassen permeate the entire economy, from the largest cities to the smallest rural areas. Together with the Landesbanken, which have their own offices, participations, and correspondent links in the world's major financial centers, the Savings Banks Organization offers its clients a broad scope of international service capabilities.

Legal Status.

All members of the German Savings Banks Organization are public-sector financial institutions. The liabilities of the Sparkassen are covered by the cities and municipalities where they operate. In turn, the liabilities of the Landesbanken are covered by their state authorities and by the regional savings banks organizations.

Service.

Unlike savings banks in many other countries, Sparkassen in Germany operate as local universal banks, providing both commercial and investment banking services. As an integral part of Germany's traditionally export-oriented economy, many Sparkassen transact considerable foreign business. Their facilities typically include letters of credit, documentary business, payments and collections, and guarantees. For larger scale foreign financing, the Sparkassen often work in tandem with the Landesbanken, which concentrate on wholesale banking.

The 4 basic strengths of Germany's largest banking sector.

The Landesbanken, which act as central banks for the Sparkassen in their region, provide multiple wholesale banking services, ranging from commercial and public-sector lending, project finance, and foreign trade finance to portfolio management, security dealing, and international finance - often managing or participating in syndicated Euroloans and Eurobond issues. For funding purposes, the Landesbanken are authorized to issue their own bearer bonds. For more information about Germany's largest banking sector, just write to:

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New Films: Another View of History

By James Bailey

TOKYO — On Singapore, British troops waving a white flag lure Japanese soldiers

On Saipan, a Japanese soldier stares in horror as an American soldier and his girlfriend laugh and run up and down a beach, tossing a human skull back and forth.

In the Philippines, a judge at a war crimes tribunal tells the Japanese defendants: "Japanese soldiers are all murderers. All Japanese deserve to die."

All the above are scenes from "Dai Nippon Teikoku" ("The Imperial Japanese Empire"), a three-hour Japanese film claiming to "vividly reveal the untold story of World War II in the

One of the most expensive Japanese films ever made (with a budget of about \$7 million), it is the latest — although almost certainly not the last — in a spate of local productions about this country's role in World War 11.

Although Japan formally renounces war in its constitution and has difficulty maintaining manpower levels in the three branches of its all-volunteer Self-Defense Forces, this avowedly pacifist nation has proved extremely recep-tive to recent cinematic depictions of the conflict that resulted in the deaths of 3 million of

The domestic production earning the most money here last year was "Rengo Kantai" ("The Assembled Fleet"), a hig-budget, all-star re-creation of the Imperial Japanese Navy's exploit from Pearl Harbor to the Battle of Mid-

In addition to "Dai Nippon Teikoku," this year has seen the release of two films about World War II to celebrate the 50th anniversary of Toho, Japan's largest studio: "Minami Jujisei" ("Southern Cross"), an Australian-Japanese co-production concerning the fall of Singapore, and "Himeyuri No To" ("Tower of the Lillies"), a remake of a sentimental 1953 movie about high-school students who served as combat nurses during the battle of Okinawa.

Director Keisuke Kinoshita is scheduled to

begin shooting "Onnatachi No Senjo" ("Women's Battlefield") later this year. And for those tired of refighting yesterday's wars, Toei Studios will release next January "Kimmirai Senso 198X" ("Future War 198X"), an animated feature depicting a future superpower holocaust.

Box-office statistics during the last several years confirm that films about war are very

Shintoho Studio was saved from financial

no No Nichi-Ro Daisenso" ("The Emperor Meiji and the Great Russo-Japanese War")— featuring a benevolent Emperor Meiji eating the same food as his soldiers - which carned \$1.3 million and was seen by 8 million people, setting an attendance record for a Japanese film. Toes virtually duplicated this film in 1980 as "Ni Hyaku San Kochi" (which refers to Hill No. 203, the Russian position the Japanese suffered the greatest losses in taking), earning \$7.9 million, or nearly twice as much as the studio's second biggest money-making film that year (also, not coincidentally, a war film). The first Japanese film to gross 2.5 billion yen — Toho's 1977 release, "Hakkodasan" ("Mt. Hakkoda") - was based on a true story of military preparations in 1902 for war with

Of the films about World War II released this year and last, Hiroshi Mikami, a psychologist, opines that they are "pieces of nostalgia to the middle-aged, while today's youth, who haven't yet developed the habit of reading books, rely on them for history." Nearly three-quarters of the filmgoers in this country are nder the age of 20.

Whoever said that history is written by the victors obviously never read the screenplays for "Himeyuri No To," "Minakmi Jujiser" and "Dai Nippon Teikoku."

To judge by the evidence of "Himeyuri No single American casualty. "Minami Jujisei" ex-cuses what John Toland, the historian, termed the "murder" of 5,000 Singaporean Chinese as, to quote from a publicity handout for the film, being "motivated by a sense of threat of the Chinese gnerrillas."

"Dai Nippon Teikoku," condemned in both

the Chinese and North Korean press, deals not at all with events in Manchuria and Korea, with the result that, as one critic noted, local audiences have not a clue as to why "poor, heroic, innocent Japanese" are eventually made to suffer at the "hands of swaggering, gum-chewing foreigners.

While filmmakers such as France's Marcel Ophuls and Italy's Lina Wertmuller have attempted to deal cinematically with the question of their country's wartime guilt, in Japan the subject is virtually a closed one. The dropping of the atomic bomb firmly solidified the Japanese perception of themselves as victims, rather than aggressors, and studios there have done little to disabuse the filmgoing public of this notion.

Anti-war films, which began appearing in 1950, criticized the military less for killing innocent Asians than for getting so many young

and Donald Richie in their book, "The Japanese Film," "the Japanese treatment of soldiers and sailors in films split into two largely

political directions. The first affirmed that the military ... were really anti-war and peace lovers at heart. The second suggested that the military knew what it was doing, that the aim had been the greater glory of the nation, and that the tales of war-

time horror had been greatly exaggerated." The authors go on to note that "few Japanese pictures" brought up the "question of responsibility for the war."

To perpetuate the Japanese as victims mythology, filmmakers in the mid-1950s began turning the Occupation — characterized by William Forbis in "Japan Today" as "probably the most singularly constructive occupation of a conquered nation in history' and governed by an "enlightened humanity" into a heli on Earth.

The practice continues: In the 1977 box-office hit, "Ningen No Shomei" ("Proof of the Man"), which co-started Oscar winners George Kennedy and Broderick Crawford, a Japanese man attempting to protect a Japanese woman from rape by Occupation soldiers is stomped to death and his lifeless body urinated upon - all this in front of his horrified

The off self-serving picture of Japan that merges from its war films is but a manifestation of a national characteristic perhaps best described by historian Barbara Tuchman, writ-ing nearly half a century ago in Foreign Af-fairs magazine of Japan's rationale for its be-havior in Manchuria: "Unlike an individual, a nation cannot admit itself in error, so Japan's only answer has been to tell herself that her judges are wrong and she is right. To strengthen this contention, she has built up the belief that she acts from the purest of motives, which her fellow nations willfully misunderstand." To be sure, not all Japanese are overjoyed at

the release of these war films. Toei Studios, responsible for "Dai Nippon Teikoku" and the coming "Kinmirai Senso 198X," has been picketed by its own employ-

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The same

Director Yoji Yamada, whose family films are consistent successes, has been joined by several prominent intellectuals in his public condemnation of the on-screen glorification of

However, if past precedent is any indication. these and others voices of protest are likely to be drowned by the noise of mercily ingling

Labor Relations: A Fluid, Evolving Entity

The writer is a doctoral candidate in political science at Cohombia University. He was recently in Japan as a Japan Foundation fellow doing research on Japanese labor unions and politics. This article has been reprinted with the permission of The Japan Times.

By Michael S. Baker

TN EXAMINING Japan's remarkable postwar economic success, considerable attention has been focused on the unusual sys-tem of labor relations in Japanese enterprises. All too often a simple, static view of this system has led to misconceptions. To comprehend the system's

role in postwar Japan, it is neces-sary to recognize its fluidity and constant development over this 40year period, as well as its relationship to the economic and political structure that exists outside the shopfloor. The postwar Japanese labor re-

lations system has been based on three things: enterprise unions (ki-gyobetsu kuniai), "lifetime" or ca-reer employment (shushin koyo) and a wage and promotion system linked to seniority (nenko joretsu). All three were established during a short period of labor strength during the period 1945-1949. Unions were founded overnight to cope with the collapse of authority

at both government and manage-ment levels and the establishment of decentralized, ad hoc produc-tion systems in the midst of economic devastation. Power Shifts The end of this period saw a

shift in power to management, with the fall of Japan's Socialist Party-supported government, a more negative attitude toward the unions by the occupation authorities, the initiation of the deflationary (and recessionary) Dodge plan, and the use of the purge policy to remove many leftist union offi-

This shift in power reduced the strength, but not the opposition, of private-sector union members. The first change in their attitudes could be seen in 1955 in the shift by the new leadership of the General Council of Trude Unions in Japan (Solvo) to a greater focus on wage demands, including the initiation of the shunto wage-bargaining system. This increased concentration on economic demands began to overshadow union political objectives as the Japanese economy maintained high growth.

Another important change in 1955 was the establishment of the Japan Productivity Center and the offer of aid from the United States to management officials interested in "rationalizing" their labor sys- the part of both unions and man-

ment in new equipment. This was done not by destroying the main elements of the system in an attempt at "Americanization," but rather by further developing the structure by centralizing produc-tion planning, expanding supervi-sory control, offering benefits and cooperation unions and by integrating workers' goals with those of the company through complex training, promotion and wage sys-

Finally, 1955 saw the establishment of the Liberal-Democratic Party (LDP) and its dominance of government policy-making through its Diet or parliamentary majority, which continues to the

Joint Goals

Early in the 1960s, the changes that began in 1955 were having a clear impact on the organization and behavior of the union movement in the private sector. The illfated Milke coal mine strike and the failure of the Anpo demonstrations to stop the U.S.-Japan Security Treaty mark the turn of organized labor in the private sector

participated in the political system through organizational ties to poli-ticians and political parties. The dependence of the LDP on

the support of big business is well known, as is the close connection. between some unions and opposition parties. Private-sector unions have been notably less successful in this activity. In the 1980 Lower House elections, the 54 successful candidates (of all parties) from public unions were matched by only 36 from private-sector unions, despite the latter's almost 3-to-1 edge in membership.

Union Role

A 1978 survey of a large number of public and private-sector unions by the Rodo Chosa Kyogikai (Labor Survey Association) found that among private-sector union members there was a high level of interest in national economic policy and a consensus that the union should play an active role in in-

fluencing such policy.

This attitude was not simply translated into support for a political party, however, as an average of unionists did not support any

The postwar Japanese labor relations system has been based on three things: enterprise unions (kigyobetsu kumiai), "lifetime" or career employment (shushin koyo). and a wage and promotion system: linked to seniority (nenko joretsu).

toward a policy of cooperating with management in establishing and achieving joint union-company economic goals. The successful competition of the enterprise became central to ensuring workers' goals of job security and high

In the same way that the shift in the economic and political envi-ronment between 1945 and 1955 brought change in the labor rela-tions system, the recent transition from high economic growth to post-oil crisis instability is challenging the existing system. In par-ticular, the security and economic benefits workers have received under the system of the 1960s have been rocked by inflation, recession, the aging of the workforce, and environmental and trade friction problems not easily solved at the enterprise level.

With these problems has come a new interest in national policy on workers in public enterprises whose support of the Japan Social-ist Party usually reached 60 to 70

The low interest in and support of parties by private-sector unions, began with the changes inside and outside the workshop in the late, 1950s — the new element is the strong demand for union participation in national economic policy-making. This has posed a probem for union leaders: whether to more fully mobilize their electoral potential and seek influence through a political party, or to find alternative and more direct means of influencing the government. While there has been interest in

both strategies, success has been greater in the latter. To be effective, both require a greater degree of unity, but in the private sector as a whole. Consensus is more easily formed around specific econom-

ic policies than around the problem of party support that is en-meshed in historical and ideological disputes. A second problem for the party channel is the necessity of forming an effective alternative coalition in opposition to the LDP majority — in a parliamentary system, a dominant party can largely monopolize the policy-making ma-- Direct Influence

The unions have established several means of bypassing the parties to directly influence the government. They have expanded their participation through the traditional channel of Shingikai, deli-berative councils established by various ministries that study concrete problems and can influence the drawing up of new laws long before they reach consideration in the LDP-controlled Diet.

A new channel is the Sangyo Rodo Konwakai (Industry-Labor Council) established by the Cabinet in 1970 to create a forum for the exchange of opinion and creation of consensus among labor and management leaders and knowledgeable, third parties. This group meets regularly with the la-bor minister, the chief of the economic planning agency, other min-istry officials and even the premier minister. If the group reaches a consensus concerning a policy, its views are seriously considered by

the cabinet.
Finally, the post-1973 period saw the creation of the Seisaku Suishin Roso Kaigi (Council of Unions for Policy Promotion) by 16 major private sector unions in 1975, and its steady expansion in size and influence. This organization has been active in meeting with government officials, party officials (and the group of Diet members affiliated with member unious) and management organizations to press their policy views. Perhaps more importantly, this group has tried to forge a consensus on policy among private-sector unions and has been active — even central — in the recent movement to establish a common front among them. Its success in this activity will have an important impact on the ability of Japan's enterprise unions to overcome their organizational fimitations in

playing an active role in the Japa-nese political system.

While important elements of Japanese labor-management re-lations have continued throughout the postwar period, there has been significant development of the system in response to its changing en-vironment. As the system itself has changed, it has had a reciprocal impact in shaping the activity of both labor and management in the surrounding economic and politi-

Sumo's National Cultural Appeal Transcends Centuries

(Continued from Page 6S)

form their own pre-bout ceremony escorted by the chief referee in a resplendent costume of the Ashikaga nobles of six centuries ago, a sword-bearer and herald, as well as a ring attendant called a Yobidashi, who is dressed in Tokugawa Period pantaloons. At the conclusion of a final bout of the day, a traditional bow-twirling ceremony. the Yumitori-Shiki, is performed, while outside of the arena on a rickety, 60-foot-high scaffolding tower one of the Yobidashi beats on a drum as the spectators stream out of the arena.

Needless to say, many fans are interested in the sports side of Sumo. Some are attracted by the quick, decisive results of the bouts, which average only about 30 seconds in length. Unlike amateur

doubt about the winner, although some close bouts are replayed. Others enjoy the excitement generated by the fact that there are no weight classes in Sumo as there are in judo, boxing and wrestling. A huge rikishi like Takamiyama, 6 foot 3 inches and weighing 440 pounds, is sometimes matched against the little Tochitsurugi, 5 foot 7 inches and weighing 230

pounds - and more often than

Sumo aficionados concentrate on the skill of the rikishi, especially in bouts that pit a powerful pusher and thruster against a skilled belt technician. There are no fewer than 70 different techniques, including arm, leg, hand and hip throws as well as pushing, pulling. twisting tripping slapping thrust-ing and lifting tactics. The explo-

not loses to him.

other in a matter of seconds within a ring measuring less than 15 feet in diameter is breathtaking Sumo is not only tremendously

has a growing army of fans among the foreign community in Japan as well as solid support in Hawaii. Sumo World, the only English-language magazine devoted to Sumo, has readers in more than 30 countries around the world. All of the English-language newspapers in Tokyo report the daily results of the bouts and half of them have their own Sumo correspondent, while the U.S. military's Far East Network radio station in conjunction with NHK-TV broadcasts the play-by-play action of the weekend bouts live from the Kokugikan

held in Osaka, Nagoya and Fuko-ka. Growing U.S. interest prompt-ed NBC to sign an annual contract with the Japan Sumo Association popular with the Japanese, it also for videotape showings of the key bouts from one of the Tokyo tour-naments. CBS, the BBC and other television and radio networks in Europe and America have also sent camera and sound crews to Japan to cover Sumo.

Handsome 27-year old Chiyonofuji is now bringing new popularity to the ancient sport. Promoted to Yekozuma, grand champion, a year ago, the muscular rikishi is a national hero that ranks alongside the most popular of the baseball stars and other sports luminaries. He has already won six tourney

championships and is now challenging veteran grand champion (National Sumo Arena) during the Kitanoumi for supremacy in Sumo even though he is about 100 three annual tourneys held in Topounds lighter than his 29-year-old

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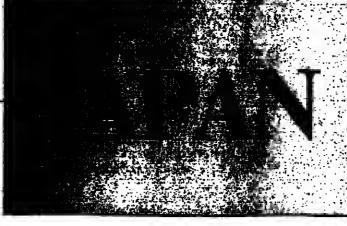
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uantitatively.

Medium and long-term assets, which are



Hopes for Economic Recovery Linked To Reduction of 5.2% Growth Target

By Gregory Clark

TOKYO — Japan's current eco-nomic dilemma seems to have no easy solution. It has no pre-cedent; nor do Japan's mach-used Keynesian textbooks offer any an-

Meanwhile, growth targets are being gradually whittled down — from the official 5.2 percent estimuted for the fiscal year ending March 1983 to the little over 2 percent now being forecast by most

Industrial production actually fell in the most recent quarter. For the first time in more than a decade, the steel industry seems likely to fall below the 100-million-ton

As the Japanese see it, the first problem for the economy is the nigh level of deficit financing. Ja-pun traditionally has financed thic works' spending by bonds. Now it is having to finance current spending the same way, as government revenues phummet.

In fiscal 1981, depressed economic conditions led tax revenues to fall some 2.88 trillion yen below target; this year the likely shortfall is put at 6 trillion yen. While this some small by U.S. standards, it imposes a heavy strain on the

It also runs completely contrary to government promises to balance the budget! Finance Minister Michio Watanabe was so distressed by the deficit figures that he ofjected - in August.

The key to Mr. Watanabe's problem, in turn, is a government promise made more in rash opti-mism than with sober reflection not to raise taxes under any circompstances. As more bonds are floated, interest rates naturally

tend to stay high. Because interest rates are high, the economy stays depressed, which in turn reduces government

Meanwhile a similar vicious circleoperates in Japan's internation-With U.S. interest rates high, the Economic Growth Rate by Country

Year	Canada	France	Germany, F.R.	Italy	JAPAN	U.K.	U.S.A.		
974	3.5	3.2	0.5	4.1	-1.0	-1.2	-1.3		
97 5	1.1	0.2	-1.8	-3.6	2.3	8.0—	1.0		
976	5.8	5.2	5.2	5.9	5.3	3.6	5.4		
977	2.4	3.1	3.0	1,9	5.3	1.3	5.4		
978	4.0	3.7	3.2	2.7	5.0	3.3	4.4		
979	3.2	3.5	4.5	4.9	5.1	1.4	2.8		
980	-0.1	1.2	1.9	4.0	4.4	-1.4	-0.1		
									

yen weakens to well below what the Japanese authorities see as an appropriate level. This in turn appropriate level. Ims in turn forces Japan to keep domestic in-terest rates high, which depresses the economy, which in turn en-courages capital to flow out of the country, which further weakens

Given the commitment not to raise taxes, the only alternative ap-pears to be a deliberately expansionist package of public spending increases similar to that used in 1979 to restore the economy. This solution is being pashed strongly by Toshi Komoto, the head of the Economic Planning Agency and one of the chief political rivals to Premier Zenko Suzuki.

Mr. Komoto's answer to the deficit problem is a Keynesian version of U.S. supply-side economics: economic expansion will increase tax revenues enough to fill the deficit. But for the moment Japan's cautious economic masters remain

Even so, by most Western standards Japan's economy still is re-markably healthy. Wholesale prices are moving up at only a little over 1 percent a year. Consumer price increases are less than 3 percent annually.

Unemployment is creeping up-ward but still is only marginally more than 2 percent of the work-

are up 5.2 percent over a year earlier. And the high levels of continned technical innovation, particu-larly in office automation and ro-ply to maintain what it sees as

bots, help to keep plant and equipment investment running high.
The Nihon Keizai Shimbun has

estimated these investments will be up a strong 10.9 percent this year. Although reflecting the current depressed state of the economy, this is a slight downward revision of earlier estimates.

The only really bleak spot in the mestic economy is the low level of housing investment, down around 20 percent from a year ear-

Nor, on paper at least, does Ja-pan's foreign trade situation seem unhealthy. Exports are falling heavily — in July down a full 12 percent over last year --- but then so, too, are imports. Japan would seem to have little trouble matching or improving on its cur-rent account surplus of \$5.9 billion registered in fiscal 1981. Dividend and interest payments

from abroad continue to rise rapidly, reflecting the rapid rise in Japan's overseas investments. The real problem with the Japa-

nese economy is structural, and some hint of this is given by those falling export figures. For more than a decade now Japan has been relying increasingly on exports to timulate its economy. In some years they provide al-most half the real growth in the economy. The export industries

also serve as lead industries for the rest of the economy. In effect, Japan has to keep ex-

minimal economic progress. But as this year's figures show only too well, there are now clear limits to export expansion.

The main markets in the United States and Europe are at worst rejecting Japanese goods and at best are too depressed to buy.

A double-digit fall in exports has not been seen since 1975. Ra-dios are down 31 percent, televisions by 27 percent, ships down by

The chickens that hatched from years of export-or-perish policies are now coming home to roost; it is now export and perish.

Only belatedly are some Japanese realizing the overdependence on exports and the need to stimulate Japan's many backward do-mestic industries. For example, the current slump in housing can be blamed on an almost total absence of any rational land policy, which has allowed land prices to rise to a point where few can or want to

Japan's backward retail and distribution industries have been a major factor depressing domestic demand - and encouraging manufacturers into excessive exports. Now the conservative retailers and distributors have the government on their side, with a law actually forbidding the expansion of efficient supermarkets.

Meanwhile, Japan lectures the rest of the world for its conservatism toward the introduction of in-

Growth in Foreign Capital Transactions Cited In Answer to Charges of Closed Money Market

The writer is director of the International Finance Bureau in Japan's Finance Ministry. This article has been reprinted with the permission of The Jopan Times.

By Tomomitan Oha

TOKYO - Discussions on the internationalization of the Japanese money and capital market have become very lively recently. In particular, these discussions in Europe and in the United States are often connected with cuticism of the closed nature of the Japanese market and the delay in the internationalization of the country's market as a factor in the decline of the yen rate on the foreign exchange

We are willing to meet squarely any proper enticism; raised in Europe or in the United States, and take it into consideration in carrying on administrative alfairs hereafter.

We think, however, that the criticism in Europe and the United States, especially that concerning the Japanese money and capital market, does not necessarily reflect correct reconstruct of the reconstruction of the recon ognition of the recent rapid progress in inter-nationalization of the Japanese market.

Recent Trends

in the following, I shall describe recent trends in the internationalization of the Japaness market, in order to answer such criticism.

Recently, the volume of transactions on the Tokyo foreign exchange market has expanded suidenly, due to increasingly brisk international capital transactions. In 1981, the total volume of transactions amounted to \$3.3 trilson, nearly eight times as much as that five years before in 1976. It can be said that the Tokyo Foreign Exchange Market is growing into one of the biggest foreign exchange mar-kets in the world, to rival New York and Lon-

Also, it deserves attention that the volume of foreign exchange transactions with overseas sources has reached more than three times as much as those carried out with customers at home. From a certain point of view, it can be said that this is indicative of a drastic increase in the volume of yen transactions on the over-seas foreign exchange markets.

Furthermore, the outflow of capital from Japan in 1981 amounted to \$22.8 billion, as compared with \$12.4 billion for West Germany. Also, the inflow of capital from abroad in the same year amounted to \$13.1 billion, as com-pared with \$16.8 billion for West Germany. It therefore can be seen that the inflow and outflow of long-term capital in Japan have rached a level similar to that of West Germa-

Thus, the scale of foreign exchange and cap-tal transactions in Japan already has reached

Now I shall make a more concrete analysis. As concerns the Japanese money and capital market as a field for investment in Japan, for-eign investments in Japan already have been completely removed. Also, the long- and short-trm capital markets have developed greatly as fields for investments, both qualitatively and

the objects of overseas investments, consist of

stocks, bonds, etc. The Japanese stock and bond markets now occupy a second place in the world and are rapidly approaching the U.S. level. The balance of stocks issued as of the end of 1980, for instance, was \$379.7 bil-lion at current prices, far exceeding the \$63.5 billion of Frankfurt and \$204.5 billion of Lon-

Also, the balance of bonds issued as of the end of 1980 was \$732.3 billion, more than twice as much as West Germany's \$345.8 billion. Bond transactions in 1981, too, amounted to \$725 billion, Iar exceeding West Germanys's \$228 billion.

Money Markets

The short-term money market in Japan has developed greatly, with the progress of liberal-ization of interest rates in recent years, the introduction of certificates of deposit, or CDs, as a new market instrument, and the develop-ment of a brisk exchange of short-term capital at home and abroad. Now it can stand comparison with the short-term money markets of other advanced countries in regard to scale and extent of internationalization. In continental Europe, CDs are not in circu-

lation. In such countries as West Germany and France, the interbank call market is functioning in practice, as the only short-term money market. True, the Japanese short-term money market is still below the U.S. level in regard to scale and depth. It is not proper, however, to compare the Japanese market with that of the United States, whose currency, the dollar, is a key one. With consideration for the financial structure — the relative weight of banks, etc.
— and the international positions of currencies, it can be said that West Germany is a country which can be chosen for objective comparison with Japan.

Under the circumstances, the rate of partici-pation by foreign banks and nonresident forpation by foreign banks and nonresident for-eigners in the Japanese short-term money mar-ket has been rising rapidly. As of the end of December, 1981, the shares of foreign banks in the Japanese call, bill and CD markets stood at 11.3 percent, 18.4 percent and 12.6 percent, respectively. Also, the share of nonresident foreigners in the spot and futures market was 18.1 percent as of the end of December, 1981. At the end of December, 1979, the shares of foreign banks in the call, bill and CD markets were 3.3 percent 9.2 percent and 14.0 percent, respectively, and the share of nonresident forers in the spot and futures market was only 1.9 percent.

Thus, the long- and short-term capital markets in Japan have expanded and developed enough to provide sufficient means and fields for foreign investment. In view of this fact we must say that it is not true that the decline of the yen rate on the foreign exchange market has been caused by restriction against foreign investment in Japan.

The internationalization of the Tokyo mar-

ket as a market for the procurement of funds, too, has made progress. In 1981, foreign yen bonds were floated to the amount of \$2.5 bil-lion — as compared with \$2.6 billion worth of foreign Deutsche mark bonds floated the same year, including Euromark bonds amounting to \$1.3 billion — foreign exchange banks ad-vanced yen loans totaling \$2.6 billion and overseas investment in securities amounted to \$6.1 billion. These figures indicate that the Tokyo market now rivals the market of a country like West Germany as an international market

for the procurement of funds.

We think that it is very gratifying that the Tokyo market is developing steadily as a mar-ket for the procurement of funds by foreign nations. The reason is that we believe that the expansion of capital exports is the direction Japan should follow from now on, and that it is conducive not only to Japan's national interesis, but also to the development of the world conomy as a whole, that Tokyo plays a lead-ing role as a money and capital market for the Asian and Pacific nations and the oil-producing countries. Together with those concerned with the market, we have been endeavoring to move in such a direction. It can be said that the progress of internationalization of the Tokyo capital market has been brought

about by such efforts. Foreign criticism of the closed nature of the Tokyo market as a market for the procurement of funds seems to reflect some misunderstanding about the reality of this market and the intentions of Japanese policy-making authori-

Yen Transactions

Now we must touch upon the internationalization of the yen. The progress of internationalization of the Tokyo market has naturally been followed by the internationalization of the yen and the expansion of yen transactions abroad. It can be surmised that the scale of yen transactions on the overseas foreign exchange markets is now more than three times as much as that of foreign exchange transac-tion in Japan. Overseas transactions in yen funds, the so-called Euro-yen transactions, too, have been increasing at a rapid tempo recently. Their scale can be estimated at already more than 5 trillion yen.

It can be thought that the yen assets in the hands of nonresident foreigners now amount to nearly \$100 billion. True, the ratio of the yen to the foreign currency reserves in the hands of the government is only about 4 percent, as compared with 14 percent in the case of the mark, as West German Economics Min-

ister Otto Graf Lambadorff has pointed out.
Recently, however, this ratio has been rising very rapidly, as can be seen from the fact that it was 0.6 percent at the end of 1975 but rose to 3.7 percent by the end of 1980. It can be expected that the internationalization of the yeu in this field, too, will progress further hereafter.

Key Currency

We must add that Japanese authorities have not taken any steps to obstruct the internationalization of the yen deliberately. We must point out, however, that there are fundamental differences between the so-called secondary reserve currencies, such as the yen, mark and the Swiss franc, and the U.S. dollar which is the only key currency, and that the position of West German, Swiss and Japanese authorities concerned on the internationalization of their currencies is naturally different from that of the U.S. government.

the U.S. government.

The Americans often forget the fact that their currency is a transaction currency that still has overwhelming power and have become inclined to ask other nations to follow financial and foreign exchange policies similar to theirs. We must say that this request is not acceptable to other nations at present, although the situation may become different if though the situation may become different if the yen and the mark are truly internationalized as transaction currencies, and not as reserve currencies, in 10 or 20 years' time.



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Energy: A Rise In Nuclear Role

By Jon Woronoff

OKYO - As all Japanese know only too well, they live in small and crowded islands, largely bereft of natural resources. but also in one of the world's most dynamic economies. This means that although their survival is based on a constant supply of energy, very little of it can be generated locally unless Japan rapidly escapes its dependence on imported oil, natural gas and coal.

This logic has pushed the government to adopt comprehensive programs to shift more and more of Japan's energy requirements to other sources, the most popular of which is ouclear power. In 1980, this accounted for only about 5 percent of the total energy consumption. However, the latest targets of the Advisory Committee on Energy — a consultative body of the Ministry of International Trade and Industry — should change this radically in the oear

According to the committee's long-term energy supply-and-de-mand outlook announced last April, the share of ouclear power should rise to 11.3 percent of the total by 1990. It should actually accelerate over the following dec-ade, providing 18 percent of total needs by the year 2000. Nuclear power generation then should attain 90 million kilowatts, against a mere 15.7 million kilowatts in 1980.

Ambitious Goals

All this looks very promising, at least to those who promote nuclear energy as the primary solution to Japan's problems. But even they must have some doubts as to whether these ambitious goals will be attained.

There is already a widespread myth of MITT's super-efficiency and ability to overcome odds that would faze any other agency. Yet, a look at its previous targets should give cause for concern.

Back in 1973, MITI talked of developing a nuclear generating capacity of 60 million kilowatts by 1985. Two years later, this was scaled down to 49 million kilowatts. Another three years later, it was reduced to 33 million. While the Electric Enterprise Deliberation Council still thinks that the level may just attain 28 to 30 milion kilowatts, it looks like the best that can be expected is about 25 million kilowatts.

Even when compared with more recent targets, this is a poor performance, and compared with the original plans it is miserable.

Something clearly went wrong when the government officials, planners, power companies and nuclear lobby so bravely charted Japan's future path only a decade ago. Whatever it was that went

frustrate even today's much more moderate ambitions.

One factor that has definitely hurt - although only a technicality - is that the operation rate of the existing nuclear plants has been much lower than planned. While they were never expected to run at 100 percent - due to inevitable periodic overhauls and breakdowns - it was not expected that the operation rate would fall as low as 60 percent. This figure has varied a bit, but there is little hope that it will improve markedly in the future. While the new plants are somewhat more efficient, the older ones have gotten less so with

Human Problem

But the real problem is obviously a human one — the same sort of problem that has hamstrung the nuclear programs of most Western countries: People have simply become distrustful of nuclear plants. and it is getting harder and harder to have them approved, built and

running smoothly.

Unlike most advanced nations, Japan does not have much of an anti-nuclear movement, nor even a loose coalition of opponents. Those who are against nuclear en-ergy in principle are few, but this has not prevented small grassroots groups or village committees from making things difficult.

Before a nuclear plant can be erected, the central government and power companies must obtain the approval of the local community. To make things as easy as possible, they traditionally seek out small, remote villages, usually suffering from economic depression. The coming of a power plant would have considerable benefits in terms of jobs, infrastructure and

Furthermore, exorbitant prices were paid for land and municipalities obtained handsome civic facilities such as recreation areas, bosoitals and old-age homes. Power companies promised electricity at very low rates, and there were even more direct benefits, such as when the inhabitants of Matsuyama were offered 5,000 yen a month for each household.

The biggest trouble always came from fishermen, who feared that the warm water discharged by the plants would spoil the currents and destroy the fishing grounds. An eventual leak could damage their haul and deprive them of their livelihood. To placate them, even more generous benefits were sometimes granted, such as the oearly 4 billion yen the 245 members of a fishermen's cooperative in Maki held out for to abandon their fishing rights.

The first score or so of power plants were installed by using such methods, and if there had been no

Administrative Reform: 'Revolutionary' In the Context of Japanese Politics

TOKYO — A national magazine recently up-graded the highly touted administrative re-form in Japan to a "revolution." If it is carried out, it might almost deserve that title when seen

against the background of Japanese politics.
This is far from the first attempt to rationalize and simplify Japan's governmental structure, but it is the first one that looks likely to succeed to

The plan, which was submitted on July 30, is the work of the Second Ad Hoc Commission on Administrative Reform. The first commission, which was active some 18 years ago, accomplished little. Meanwhile, there have been repeated complaints about inefficiency and waste - and many other plans. None of them was implemented and some oever even reached the stage of formal pres-

That it has gotten this far and that the cabinet of Premier Zenko Suzuki has actually accepted the report and "intends to carry out the recommenda-tions earnestly and faithfully" is a sign of the times. Japan could afford a more bloated bureaucracy during the period of rapid growth. Now that growth has slowed down considerably and both businesses and private citizens are feeling the pinch, there is greater insistence on tax monies being used well.

Government's Share

It also is a reflection of the prominent role played by the chairman of the commission, Toshiwo Doko, Mr. Doko, long-time head of the Japan Federation of Economic Organizations, known as Keidanren, enjoys exceptional prestige in business and government circles. And the very creation of the body arcse from strong resentment in the husiness community, especially in big business, that the government was not doing its share at a time of economic hardship. Rather than ask for more taxes, it should slim its own services and become more efficient.

The work of the Second Ad Hoc Commission, which was unusually comprehensive in scope, al-ready has been commented upon amply in the press. Most attention has been attracted by the spectacular decision to turn three major public corporations over to private management. They are the Japanese National Railways, Japan Tobacco & Salt Monopoly and Nippon Telegraph &

Telephone.
This is just one of many aspects that were touched upon. The various subcommittees also made important recommendations concerning edacation and health care, land and housing social security and the tax system. It looked into other government bodies as well. While more interest was obviously focused on

what was done, it must be admitted that some rather crucial chores were left undone. Although condemning higher taxes, no explanation was provided as to how to make up for existing revenue

shortfalls, which seem to be growing.

Although the three public corporations were dealt with extensively, and some smaller agencies were to be amalgamated, the reports were painfulsilent about the core of the central government, the various ministers. They were simply asked to

put their own house in order. Degree of Resistance

If the administrative reform plan is truly "revolutionary," then it is bound to arouse a degree of resistance. This is found in some business circles. but more so among the opposition parties, notably the Japan Communist Party, the Japan Socialist Party and Komeito. There are objections from the trade unions in general, particularly the leftist Sohyo federation, and members of the JNR. There also is a sprinkling of complaints from certain so-

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cial groups.

Nevertheless, the chances of a reform being implemented in one shape or another are rather good. The main reason is that so much of the population is in favor. Most business associations have stated their support of the commission's planand most factions of the ruling Liberal Democrat-

ie Party have agreed to back it.

As for Premier Suzuki, last year he proclaimed that he was "staking his political life" on its sue-

Thus, within the context of the administrative reform, the situation seems rather positive. The recommendations have been submitted and accepted and are edging toward formal legislative approval and then implementation.

People look forward to the relief this will bring

in terms of lower taxes — or, more likely, smaller tax hikes — and greater efficiency within the government. Just in case, the budget is being kept under strict control.

Economic Simution

The only serious question is, what if the context was too narrowly defined? This question is hardly ever raised. Indeed, some will wonder how anything could be wrong with such a noble cause as "small government." Yet, when the broader eco-nomic situation is considered, there are very defi-nite grounds to criticize what is being done.

Japan's most urgent problem at present is not "hig government" but an exceptionally sluggish economy. From more than 10 percent a decade ago, the growth rate has fallen to some 2 or 3 percent. This is largely due to the worldwide reces-

(Continued on Page 13S)

further hitches, the government program could have proceeded as planned. Unfortunately, there were repeated accidents. Those that were not covered up were se-rious enough to worry both local communities and those living further afield. The worst accident was in Tsuruga, where 16 tons of radioactive waste water spilled out and some of it seeped into the ocean in

April 1981. As a result, local communities oow are less willing than ever to accept power plants - even those that already have them. If they give in, it is for considerably larger compensation, and the ouclear lobby got its worst fright recently the town of Kubokawa

adopted an ordinance providing for a referendum to approve any oew power plant.

While admitting Japan's extreme need for alternate sources, the public has definitely turned lukewarm as far as ouclear energy is concerned. According to a poll by the Prime Minister's Office, 59 percent of the Japanese people were concerned about the safety of ouclear power and 45 percent thought safety precautions were inadequate. Nevertheless, 40 percent still felt it was necessary to increase Japan's dependence on nuclear power as opposed to only 10 percent who were for a reduction.

According to a poll by the Asahi Shimbon newspaper, among per-

sons asked whether they agreed with the construction of nuclear power plants in general, 55 percent were in favor and only 23 percent were against it. When asked, "if a plant were to be erected in your neighborhood, would you still agree?" only 22 percent said yes s complete reversal.

As is happening everywhere in the world, most people in Japan are willing to have nuclear energy generated anywhere but in their own towns. This is why the power companies have not been jutting up as many plants as they intended to, and the situation could get worse in the future. If it does, it the MITI figures further.

Their Daily Newspaper is The Asahl Shimbun.

You've probably heard or read a lot about the unique decision-making process in Japanese organizations. and maybe you're even a little confused about what really goes on. While a lot of attention has been given to the "how", little has been paid to the "who". Put simply, the Japanese decision-making process starts from the bottom and moves toward the top. At the Section or lowest level, problems are identified, proposals are made and the initiative is taken. Among Section workers, morale is high, energy and enthusiasm are common, and the willingness to work long and hard is taken for granted.

As the facts clearly show, their newspaper of choice is the Asahl Shimbun. Published twice daily in Japan's major commercial and population centers, backed-up by several combined area editions, and having a large nation-wide readership, the Asahi Shimbun is a quality newspaper which reaches the people who count. If your need is to inform or persuede Japan's decision makers, then let the Asahi Shimbun carry your message to the source.

Comparison of Dissemination Rates of Japan's Four Major Newspapers. Senior Executives and Professional People

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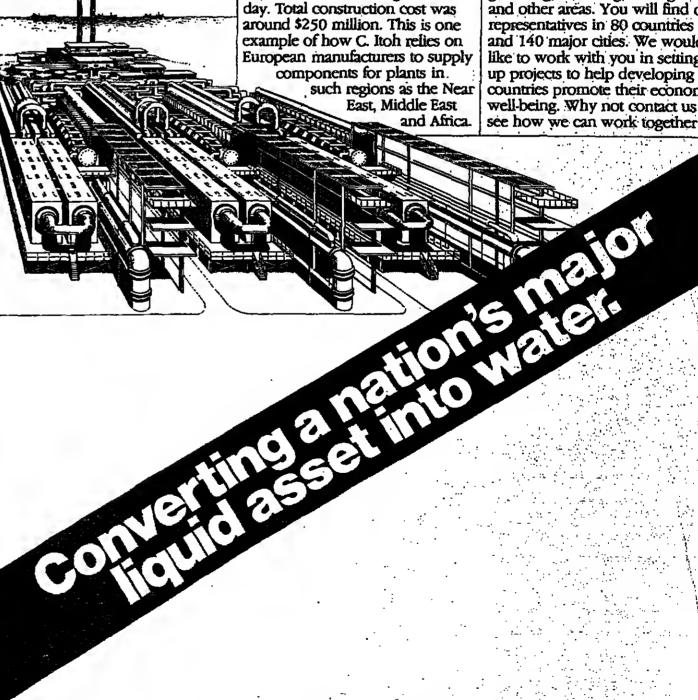
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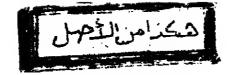
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Turnaround of Yen Bolsters Hopes For Upswing in Tokyo Stock Market

750 billion yen to 1981 to 850 bil-

lion yen in 1982, or 18 percent of their funds available for iovest-

Japanese banks have also been

vestment, especially foreign-cur-

But they have also been increas-

level of yields for their investment.

Their investment in stocks in

mpared with actual investment

1982 is estimated at 1 trillion yen,

Japanese pension funds, managed by trust banks and life insur-

ance companies, have been in-

Investment Expanded

They have expanded their in-vestment in Japanese bonds and

foreign-currency securities, such as

U.S. government bonds, but their

investment has been restricted by

Japanese monetary authorities to stem capital outflow and defend

Their investment in Japanese

stocks bas also increased this year,

but the trend is unlikely to intensi-fy unless Japanee stock prises rise

The yen's weakness and the

slump on the Japanese stock mar-

ket partly reflects the uncertain

outlook of the Japanese economy. Up to early 1982, Japanese mone-

tary authorities boasted about the

nation's excellent economic per-

formance, including low inflation

rate, low unemployment rate and

of 1,059 trillion yen in 1981.

creasing rapidly.

ment or lending.

Special to the IHT
OKYO — The year's turnsround from a five-year low in mid-August and prospects of a new package of business-stimulat-ing measures have given rise to oxt of the administration of the submitted with oward formal lights. hopes of a good recovery to the

enese stock market Much still depends on whether short-term and long-term U.S. interest rates will continue to decline and whether the New York Stock Exchange will keep up its recovery.

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Uncertainties on the international credit market, as reflected in the financial difficulties of Poland, Romania, Argentina and Mexico, are also likely to restrict recovery of the Japanese stock market.

Adjustment Period

After reaching a record-equaling high of 8,019,14 in the market average in August, 1981, the Japanese market entered an adjustment period in the following month, when convertible bonds issued in large quantities overseas by Japanese companies in a previous period began to be converted into stocks for sales in Japan, with the narket average falling to 7587.87

Despite a short rally in early 1982, the adjustment period continued and the average fell to a two-year low of 6,864.56 on Aug-

Large Shortfalls

In addition to external factors such as high U.S. interest rates and a sluggish New York Stock Exchange, the Japanese stock market was also affected by Japan's slow economic recovery.

Large national tax revenue. shortfalls were reported for liscal 1981, ended in March 31, 1982, and are forecast for fiscal 1982 as well, seriously clouding the future

The shortfalls are likely to lead to massive additional flotation of national bonds, whose outstanding balance totaled 86 willion yen (\$344 billion) at the end of last May.

Foreign investors, who have been selling more Japanese stocks than they bought since February. 1982, may reverse their stance if the yen continues to rise against the dollar after a turnaround made in mid-August.

Net sales of Japanese stocks by foreign investors, especially by West European mutual funds and investment banks in the past several months partly reflected the dwindling OPEC payments sur-plus as well as the decline in Japa-nese stock prices. However, net sales by both U.S. pension funds and West European investors have been declining slowly, while flotation of convertible bonds by Japanese companies in overseas markets has fallen sharply.

Surplus Funds Increase

Japanese iodustrial and business corporations, whose surplus funds available for investment have been increasing, have shown more ioterest in free-ioterest instruments of investment, such as negotiable certificates of deposits, and foreigncurrency securities, rather than

Their investment in stocks is unlikely to increase sharply, because of continued development of new instruments of investment by banks and securities companies and the low income gain of Japanese stocks.

However, the situation may change if stock prices begin to rise sharply, promising good capital

Japanese insurance companies have been increasing investment in stocks since mid-1982, but sharp increases are not expected to continue in this area due to low in-come gains (estimated at 4.57 per-cent in mid-1982), compared with yields of 7.9 percent for loan issues and 7.81 percent for investment in

marked improvement in the cur-According to one estimate, Japanese insurance companies' invest-ment in stocks will increase from

rent account balance. The outlook became blurred following reports that Japan's gross national product showed an annualized decline of 0.9 percent in the last quarter of 1981 and that oa-tional tax revenue will fall far short of government estimates in

shifting investment of their funds fiscal 1981 and 1982. to free-interest instruments of in-The Japanese government has so far failed to indicate clearly how it rency securities bearing high interwill deal with these problems, partbecause of Premier Zenko tuki's commitment to a policy of heavy spending cuts and sharp reduction of national bond flotaing investment in stocks of medium-sized enterprises to which they

tion by fiscal 1984. plan to increase lendings as a re-sult of large capital issues made by enterprises whose shares they hold. The Japanese Chamber of Com-merce and Industry has demanded that steps be taken to pull smaller It must be pointed out, however, industries out of recession. that they are also sensitive to the

The Japan Foreign Trade Council, an organization of 13 leading trading houses, has requested the government to introduce exportpromoting measures, including more efficient use of official development assistance (ODA) and mixed credits (a combination of soft and hard loans) to promote exports of industrial plant facilities to the Middle East, Southeast Asia

The council has also called for a relaxation of restrictions on export insurance, which has been suspended temporarily for almost one third of the 150 countries with which Japan is trading.

and Latin America.

Some Japanese government offi-cials privately predict that a package of business-boosting measures and a supplementary budget will be adopted in or after September when it will become politically elear that Premier Suzuki will be re-elected as president of the ruling Liberal Democratic Party at a party coogress scheduled for Novem-

The Japanese stock market will benefit from such a development, especially if it is coupled with a decline in U.S. interest rates and continued recovery in the New York Stock Exchange.

Doubts on Economic Revival Are Seen did so as a hedge against exchange risks on payments for vessels and plant facilities bought from Japan

dollars occured when Euroyen

holders released their yen holdings in favor of dollars when interest

creased to \$16.2 billion,

(Continued from Page 5S) rate, price indexes and the current

account in international payments. For instance, unemployment at 2.5 percent hit a 26-year high in June. Some critics contend that Japan has been overly dependent on exports for its economic vitality. This theory, however, is contested by others who point out that exports account for only 13 percent of the GNP, a rate much lower than 23 percent for West Germany, 22 percent for Britain and 18

percent for France.

Still others coolend that the decrease io portfolio investments of Japanese securities by nonresident foreigners is a sign of a growing lack of confidence in the future of the Japanese economy.

lo support of this argument, they cite the fact that between October last year and last March, for-eigners sold 321 million Japanese shares more than they bought dur-ing the same period. This was a reversal from the 46-million share buying excess recorded in the previous semester.

This trend has continued, In April and May, the value of shares sold by nonresidents was \$133 mil-tion higher than the value of their

However, there can be little doubt that the pull of higher yields has caused a flow of capital from Japan to the United States.

In the last two years, capital io excess of \$1 billion a month has been exported, exerting a powerful downward pressure on the ven and

a corresponding upward pressure Tomimitsu Oba, director of the

International Finance Bureau of the Ministry of Finance, puts the overall outflow of capital from Japan in 1981 alone at \$22.4 billioo, against an inflow of \$13.1 billion. In the April-June period this year, the outflow was \$6.6 billion.

This movement of capital was made possible by the Dec. 1, 1980, liberalization of foreign-currency regulations that permitted greater flexibility in foreign investment transactions, Japanese investment in foreign securities grew in 1981 to \$8.77 billion, of which \$8,53 billioo was in bonds. The latter in-eluded \$2.72 billion io yen-dominated bonds issued in Tokyo.

Japanese officials point out that the yen raised through such instruments of foreign borrowing such as so-called "samurai" bonds or syndicated loans from Japanese commercial banks are cooverted almost immediately ioto foreign currencies, depressing the yen's ex-Another factor influencing the

yen's exchange rate is the growth in yen assets in the hands of nonresident foreigners.

The increase in the amount of these yen assets abroad - known as Euroyen - was partly due to yen deposits made by importers in European banks. The importers rates on the Eurodollar rose. prompting a fall in the value of the

on a deferred-payment basis in

The Bank for International Setlowing the Israeli drive into Lebatlements put the amount of Euroyen at \$11.2 billion at the end of 1980. In 1981, this amount had in-According to Nobuyoshi Araki. chief economist of the Long-Term Credit Bank of Japan, a fast growth in the exchange of yen into

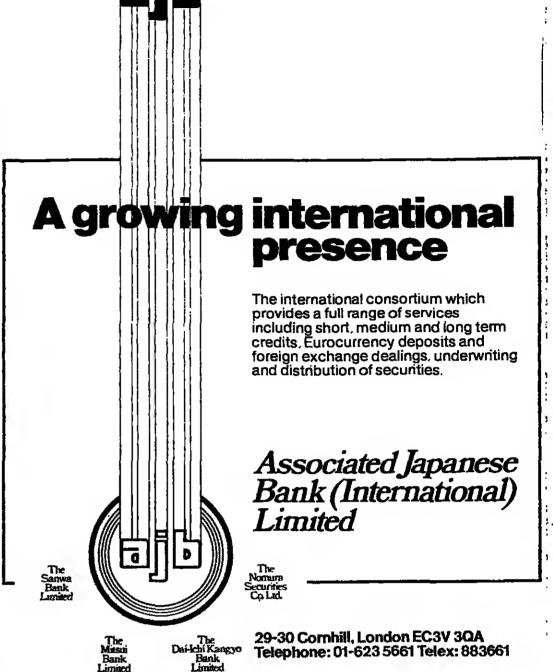
The same thing occurred, Mr. Araki said, when the yen fell fol-

non. The Nihon Keizai Shimbun, the leading Japanese financial daily. estimates that, as a result of this Euroyen increase, yen-dollar transactions on the New York and London markets have recently amounted to \$3 billion to \$5 billion a day, a volume equal to the daily transactions on the Tokyo foreign-exchange market.

The Finance Ministry's Mr. Oba has denied that the Japanese authorities have taken deliberate; steps to obstruct the internationalization of the yen as a means to prop up the value of his country's

currency. However, a Finance Ministry of ficial, speaking privately, sounded a different note. Referring to the Euroyen market, he said: "We don't want to find ourselves facing the problems that have confronted

the U.S. over the Eurodollar mar-- ROBERT Y. HORIGUCHI



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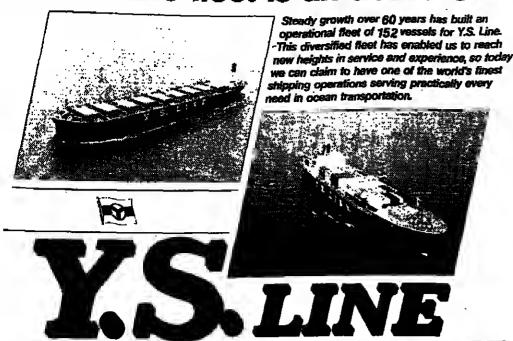
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The Private Cram School Joins the Curriculum

TOKYO — Every March, bundreds of thousands of Japanese between the ages of 18 to 20 wait with hope and dread for that brief notice upon which their entire future depends. The moment is the culmination of years of effort and sacrifice, marking life's turning point between success and failure - the promise of advance to the highest echelons of government and business, or a

career as a run-of-the-mill wage earner. The rimal is the announcement of candidates who have passed entrance examinations to the nation's top universities.

For those present at university campuses to witness their moment of truth, notification comes with the posting of numbers on a large board, the numbers assigned the students for the examination.

Television cameras record the initial elation when the candidate spots his or her number. Those who have made it are thrown into the air by happy friends. But the majority search the board fruitlessly, milling aroung in silent anguish.

For others who have scattered to their homes (there are weeks of waiting until the announcement), notice often comes by tele-gram from friends. "Mt. Fuji has been conquered," a successful candidate may be informed. Failure is conveyed through such messages as "The waves are still high in Surugahay," or "The young woman sleeps alone." Only symbolism seems adequate for such momentous news.

Education in Japan is compulsory through junior high school, but more than 90 percent (100 percent in most metropolitan areas) go on to senior high schools where 35 percent of the graduates pursue higher educatioon. More than 600,000 students are accepted at the nation's universi-

bers board or the telegram begins as early as kindergarten. Entry into the "right" kindergarten equips the child for the "right" primary school, and the "right" primary school (grades one through six) helps pave the way to the "right" junior high school (grades sev-en through nine) which in turn will give the student the best chance of mastering the exams for those senior high schools (grades 10 through 12) whose graduates have the highest rate of acceptance into the top universities. University admittance alone virtually assures a degree.

The stiff entrance exams that students confront at each rung of the educational ladder — where only a few make it to the top - and the link between the right university and a successful career, make Japan one of the most competitive societies in the world. The system places almost unbearable pressure on students and teachers alike.

The pressure is cited as the reason for the high rate of suicide among teen-age Japa-nese and is said to lie behind the fact that Japanese children have the shortest sleeping hours in the world.

Under such relentless competition, scandal has a fertile breeding ground. At Waseda University recently, personnel were charged with accepting huge sums of money from parents for advance copies of exam

A parallel system of education in the form of private cram schools has appeared throughout the country to supplement a stadent's normal preparation.

There are cram schools each step of the

ties and junior colleges every year.

The chain of events leading to the num-

kyo, one of Japan's toughest pre-university cram schools, has room for only one out of every five applicants.

These schools have changed the lives of families with school-age children. In Tokyo, as many as 75 percent of pupils in the fourth to sixth grades — the years when prepara-tion for junior high begins — attend cram-schools, or juliu, as they are called. Juliu classes are held after regular school hours as

Major Industry

well as on Sundays, leaving little time for

Many parents consider juku teachers better than those at regular schools as their reputation and survival depend on the number of their students who are able to pass entrance exams. Even parents whose children are already at the top schools do not feel safe unless they send them to juke as well.

As students at public schools must live

within the institution's jurisdiction, many families move to areas known for having good schools even at great inconvenience. Juku education today is a major industry.

Japan's largest supermarket chain, Dai-ei, has its own juku network. And the first juku in Europe opened last year in Düsseldorf to help children of Japanese businessmen keep up with the stiff level of competition they will face when they return home.

One product of the competition is the rom-in named after the masterless Samurai of feudal days. At Tokyo University, consid-ered the pinnacle of academic achievement, more than 50 percent of the students are exronin, meaning that having failed entrance exams on their first try, they preferred to

way and some even have their own entrance cram a year and try again rather than settle examinations. For example, Sundai in To- for a lesser institution. A one-year rouin period is considered normal, although some carry on for two and even three years before

making it if at all. An alternative is to gain admittance from the first grade to an institution that has its own schools from the primary grades

through university. Efforts have been made in recent years to case the pressure. Standard deviation values, which rate scholastic achievement against a norm of 50, are also assigned to schools according to results of their entrance examina-tions. With this information, teachers can recommend schools that more accurately correspond to a student's ability -- although the temptation remains for ambitious parents to encourage their children to try for

In 1979, state universities did away with individual preliminary entrance examina tions and adopted a uniform test. They also set identical dates for the final exams to prevent candidates from applying to more than

one university.

Students, however, can still apply to as many private universities as they wish where examination dates are not standardized. In fact, it is routine procedure to try for more then one school.

than one school.

Whatever its faults may be, the system does distribute the cream of the nation's university graduates to positions in government and big business where the power life. The most gifted are automatically channeled to the most gifted are automatically channeled. to the most infinential positions, a proce-dure sometimes cited as one reason for Japan's strength. KEN ISHII

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TOKYO—In many countries children of foreign businessmen, diplomats and missionaries attend local schools where they can pick up a new language and broaden their cultural perspective.

But in Japan, an exam-heavy educational system that emphasizes rote-learning in a complex language featuring thousands of written characters, means that a Japanese education after kindergarten is not possible for the children of most foreign residents. Companies Pay

"The vast majority of Westerners in Japan would have their children enrolled in an English-language school from grade one up," said Ray F. Downs, administrator of the American School in Japan. "The Westerner in a Japanese school stands out in a way that he wouldn't in a French or German [native] school."

About two dozen schools provide Englishanguage education following a U.S. or U.S.-British curriculum, while others teach in German, French, Finnish, Indonesian, Korean or Chinese.

These "international schools" range from those with a handful of students to those with several bundred. Many are church-affiliated, a few have boarding facilities and

schools can vary from 700,000 to 1 million yen, although companies often pay all or part of the costs.

The 80-year-old American School on the oniskirts of western Tokyo is the largest international school, with 909 students representing 29 nationalities, including about 600 American and 140 Japanese students. Nearly all the 100 seniors who graduate yearly go on to college, either in the United States or to one of the English-language universities in Tokyo — Sophia University and International Christian University.

About 80 teachers, mostly recruited from the United States, teach kindergarten through high school at the American School, which is accredited by the Western Associa-tion of Schools and Colleges.

Sense of Community Mr. Downs, an American School graduate

who last April completed a one-year term as president of the Japan Council of Overseas Schools, said that the international schools provide a sense of community. "The schools become very much a center of the kids lives," he said. "They're here all the time," taking advantage of a range of extracurricular programs.

A survey of upper-level students at the in-ternational schools, Mr. Downs added,

showed that most "felt enthusiastic about living in Japan." The country's extensive public transportation system offers mobili-ty, he said, and the low crime rate means that there is less anxiety over possible kid-nappings or bombing threats than at some international schools abroad.

Japanese Remired

Not all the students who attend international schools are short-term residents, however. Many are members of this country's large non-Japanese Asian population, which includes 660,000 Koreans and several thou-sand ethnic Chinese, descendants of people brought here when Korea and Taiwan were Japanese colonies before and during World St. Joseph College, established by the Marianists in 1901, educates about 265 boys

the majority of them Eurasians and Orientals - from kindergarten through senior high school. Located in Yokohama, traditionally the home of a large foreign com-munity because of its port and Chinatown, the college sends 95 percent of its graduates on to universities. "It wasn't until after we graduated that we thought about each other's nationalities

after we started worrying about visas and draft laws," a 1973 graduate said.

International School, was founded in 1872 and has 350 students in its Montesson department and grades one through 12.

The Nishimachi International School in Tokyo combines mindstory Japanese lan-guage classes four days a week with instruc-tion in English for its 360 students, kimlergarten through junior high. Founded in 1949, the school limits class size to about 25 students and requires an English-language placement test, a school official said.

Outside Tokyo, one of the largest interna-tional schools is the Canadian Academy on Mt. Rokko behind the busy scaport of Robe near Osaka. More than 600 students from 30 countries attend classes from nursery through high school. About 50 live in dormi-

At the German-language school, 520 kindergarten through high school students from Germany, Austria, Switzerland and Japan attend classes. About 460 students aftend the Lycee Franco-Japonais de Tokyo, following a kindergarten through senior high school program. The Indonesian-language school has 169 students aged 5 to 19 from Indonesia and Malaysia. In Otsu City, near the ancient capital of

- after we started worrying about visas and kyoto, a newly opened. Finnish language traft laws," a 1973 graduate said.

The neighboring girls' school, St. Maur. from grades one through 12.

Auto Industry Shifts Sights to Domestic Market Sales. For 30 years, the two com-

biggest exporter of cars, it grew strong as the domestic market exgrowth in the 1950s and 1960s.

It was able to grow so strong because it was heavily protected against imports. Now, about 5-mil-lion vehicles are sold annually in Japan, of which almost 3 million are passenger cars. Imports account for less than 40,000 units a

But with limits being imposed on car imports into more and more countries, and big increases in im-ports being unwelcome in others, Japanese auto companies are putting more effort into boosting do-mestic sales. Although a lot of small cars are still sold in Japan, cars that are quite large by European standards, if far smaller than American gas guzzlers, have taken the lion's share of the market in recent years.

For example, in 1976, nine of the 15 best-selling cars in Japan had engines of around 2 liters. It is true that the Toyota Corolla was the best seller then, as it is now, but it was followed by the larger Corona, the relatively small Dat-sun Sunny, the largish Datsun 240K and Bluebird. There was no car with an engine of less than 1 liter anywhere near the best-seller's

But over the last couple of years, there has been some downsizing in Japan as elsewhere, while the maturing of the market, from that of a country with rapid growth to one with an established economy, has led to stagnation in sales. Now, the car companies are trying hard to push growth forward again — with new models, hard selling and reorganization.

Vying on the Charts

That the trend is toward small cars can be gathered from the suc-cess of the Mazda Familia (GLC or 323 outside Japan), which was third best seller after the Toyota Corolla and Datsun Bluebird last year. Seven of the top 15 cars had engines of less than 1.5 liters. The Familia was just ahead of the Datsm Sunny, which was transformed from a dreary rear-drive saloon to a well- engineered front-wheel drive model at the end of last year.

Significantly, the Corolla, Fami-lia and Sunny have been vying for top place in the sales charts this year, and all have engines of 1.3 and 1.5 liters only.

Then, the Honda City, a very short hatchback with a 1.2-liter engine launched last November, has also proved an instant success, selling at above the scheduled rate. Clearly, the Japanese are beginning to desert their 2-liter cars in favor of small, new front-wheel drive models.

In 1981, passenger car sales just topped the 1980 figure by a few thousand units. Despite the stagnating economy, some growth is expected this year, but it is now being admitted that the growth may not be as much as expected earlier in the year - Japanese auto industry leaders are always full of optimism about the domestic mar-

approach has been to increase dealer channels. In Japan, Nissan and Toyota sell through five or six channels, each handling a few of the model ranges only. In the last few years, Toyota has added one more chain, while both Honda and Mitsubishi went from one to two

Dramatic Policy

Honda established its extra dealer chain as part of its strategy of increasing domestic sales by 50 percent. The reason for this dramatic policy was that Honda was exporting twice as many cars as it was selling in Japan. The new chain was called Verno, and Honda introduced the Prejude, Quintet and Ballade for these dealers to sell. However, none of these was a success, and ironically, the Bal-lade, which is built as the Triumph Acclaim in Britain, is selling less well in Japan than Britain .

However, last autumn things took a turn for the better, with the introduction of the City and the new Accord, which is sold as the Vigor by Verno dealers. Both cars have been successful, so in the first half of this year, Houda has increased domestic sales by 40 per-

But how has Toyota, which

TOKYO — Although Japan's ket in January, while complaining bolds 38 percent of the Japanese about the difficulties in exporting.

In any event, it was thought that to the challenge? Predictably, it 5 to 6 percent growth was possible, has thrown all sorts of new models panded with rapid economic but now it looks as if 2 to 3 percent at the dealers. First, there was the is more realistic. Because the mar-ket is saturated, the auto compa-nies are engaged in a bitter battle to win sales from each other. One restyled Corona in January, and this was followed quickly by the Camry and Vista, two completely new front-wheel-drive 1.8-liter saloons, with specifications similar to the General Motors J-car.

Subsequently, the 1.3-1.5 liter Corsa/Tercel models were restyled, and an extra model, called the Corolla II, was added to give some extra volume. These models are available in three-door and five-door hatchback and four-door saloon versions, while at the end of the summer came a four-wheel drive version of this new range.

Nissan tried a similar tack when it restyled the Cherry by extending the range to include a conventiona four-door saloon as well as three-door and five-door hatchbacks and a sporty-looking coupe. Both these new Toyota and Nissan ranges have started off selling far better than the previous models, and both are small cars, with lengths of about 4 meters (157 inches). Fur-ther indication of the downsizing

Toyota Merger

But Toyota, not content with a whole spate of new models, also made a fundamental change in its structure — on July 1, it merged Toyota Motor Co. and Toyota Motor Sales into the Toyota Motor Corporation, under the presidency of Shoichiro Toyoda, formerly president of Toyota Motor

and had not always agreed on policy. The merger was intended to strengthen Toyota so that it could increase sales in Japan, while competing more effectively with Genthe second largest auto company in the world after General Motors. Shoichiro Toyoda expects sales in Japan to grow at about 3 per-

cent a year, indicating total sales of all vehicles of about 6.5 million units by 1992 - a massive market for a small mountainous country. He has, therefore, set out a strategy to build a sales network in Japan capable of handling 2 million sales a year by 1985. Thus, he is looking for annual growth close on 10 percent a year, well in excess of the market growth.

He hopes that this growth will come from more women drivers and from more two-car families, although no one knows where these cars will be parked and what sort of traffic jams they will create - traffic jams and very expensive parking are already the norm in Japan's cities.

To help Toyota achieve this growth, Mr. Toyoda is trying to promote what be calls tripartite co-operation. "The three parties are Toyota, the suppliers that cooper-ate in production and the domestic dealers and overseas distributors and dealers," he said. I want these three parties to work closely together to ensure that Toyota produces and sells automobiles that satisfy our customers. Through cooperation, it becomes possible for all three parties to benefit and grow."

Certainly, the merger seems likely to increase Toyota's strength in the Japanese market, not least becral Motors elsewhere. Toyota is ers. In addition, Nissan, about to start producing trucks in the U.S. and in a quandary whether to build a factory in Britain or to give up the idea of internationalism, is not on the offensive at present. However, it will soon introduce some new models to extend its range, including a I-liter hatch-

> But what about imports? Next year, Nissan will start to build some Volkswagen Santanas in Japan, so for the first time, the Japa-nese should be able to buy a car of true European design at a reasonable price. At present, the prices of imported cars are prohibitive in Japan, while the import regulation and non-tariff barriers present considerable problems to import-

> Of course, the losers are the Japicse, who are not able to choose between a Japanese and an equivalent imported car, imports are pushed into the luxury class, whatever they are. In almost every other advanced country, consumers can choose freely between imports and domestically built cars. It is sad that the Japanese are not able to do so, and sadder still that there are no prospects for any change in the situation.

- JOHN HARTLEY



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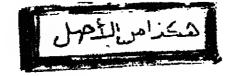
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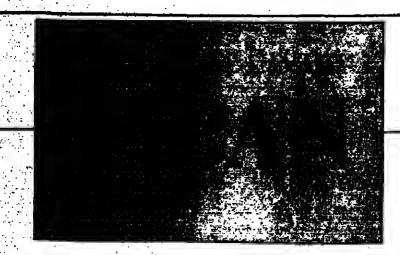
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Fifth-Generation Computers Will Revolutionize Offices

By John Harriey OKYO - Imagine a world in

which almost snyone had acess to a huge computer and could not it as easily as he uses the phone noday. For example, when you are faced with a legal wrangle, a tax problem, the need to balance the budget or you want to design a country cottage, the computer would give you the data and solutions to do it all source! tions to do it all yourself. Experts are suddenly redundant as far as rdinary people are concerned.

That is the sort of world the

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fifth-generation computer will hims, although it is not clear whether the experts involved know what sort of Pandora's box they are opening. But if, as seems likely, the industrial robot completely changes the way people work in factories, then the lifth-generation computer has even more dramatic implications for professionals such as doctors, lawyers, accountants

-All these people are needed because of the knowledge they gained at school and university and the experience they have picked up since. All that information should be available through a fifth-generation computer.

A Needed Revolution

The fifth-generation computer is not a super-fast computer intended to process millions and millions of calculations a second, although some may do that. This "generation" will replace every computer we know.

To some extent, this revolution is needed because developments in hardware — the computer machine itself and the semiconductors in-side it — are galloping ahead so "break the software barrier" while side it — are galloping ahead so quickly. Today, a mainframe com-puter, such as that used by a large corporation to handle its numbercrunching, costs about \$1 million. It is forecast that in less than five years, an equally powerful com-puter will cost only \$2,500, so al-most every businessman will have terface is to change the method of

one in his office. But to turn the computer into a machine that can be operated, a lot plan is to change all that; instead, of software is needed. Software at the user will merely ask a question Certainly the same way that he would ask to increase Toyotse in the operator presses a key his colleague in the office. The aninto a number of signals that the swer will be given verbally, but in computer will then convert into an many cases a "written" answer will the memory. At its most complex, question is too vague, the comput-software is a program including er will say so and will ask a ques-thousands of equations so that the operator can feed in a few num- precise one. That may seem simple

bers and end up with a solution to enough, a complex sciencific calculation.

The problem is that software cost more than hardware aiready. and to turn the computer into an everyman tool much more complex software is needed than is available now. For example, to make a program, a person needs to be able to put the data into "languages" that the computer understands, among them Basic, Fortran and Cobol. But when a person wants to record a movie on his video recorder or take a photagraph with a camera he merely presses a few buttons - and still some people are scared of these complicated devices. In the future, the computer must be as easy to use as a tele-vision set, telephone or instant

This is where the lifth-generation computer comes in. There are two main requirements before that can become a reality, and it is these that the Japanese are tackling. First, there is the develop-ment of "an intelligent interface and interpreter between the man and machine;" secondly, the plan is to develop huge collections of data — data bases — for anyone to

To crack these problems, Ja-pan's Ministry of International Trade and Industry set up a massive project expected to last a decade, Naturally, all Japan's computer companies — Fujitsu, Hitachi, NEC, Mitsubishi, Oki and Toshiba - are involved, as are Sharp and

A group of engineers from these companies, researchers from government laboratories and from prideveloping oew elements such as very fast processors and huge memories. Thus, some of the work will form a natural extension to

the very large scale integrations project conducted in the 1970s. The aim with the intelligent inaccess to a computer. Currently, access is through a keyboard. The age on the screen and code in appear on a display as well. If the

Contracts Seek to Bridge Cultural Differences SAT. NISSER WILL SEEL IN

(Continued from Page 7S) evances not only from foreign

but even from Japanese traders.
One of the latter is Tetsuo
Yoshimoto, president of the Sony Trading Co. a subsidiary of the household electronics giant. He said bluntly: "Japanese manufacturers do not have morals when it comes to international business." He pointed out that, if some for-

eign product can be copied and the market for it looks large enough, it must certainly will be turned out by Japan's competitive industry.

The flexibility for product and

volume changes in Japan is such that the cycle for developing and producing new commercial elec-tronic products in Japan is three years. The process requires seven years in the United States. The same nimbleness applies to

ing from their traditional mode of living to one patterned after those of the West.

This trend was expected at one time to spur imports of European and U.S. household wares and equipment that would meet the oceds of this change in lifestyle.

Actually, however, instead of bringing in foreign manufactured goods, the Westernization of Japanese homes has brought about a flood of domestically made look-alikes of imported merchandise.

The introduction to Japan of the Dutch Philips coffee maker was typical. When its sales boomed, domestic manufacturers, after subjecting the device to so-called "re-verse engineering" to find out how it worked, came out with similar machines. Furthermore, they added improvements to them. In addiother Japanese industries.

As affinence increases, a growing number of Japanese are shift-, ly driven coffee mill. For Cheaper, Better Products new generation of consumer prod-

currently on the market. Aithough European and American makers are prepariog to com-pete against the Japanese in some of these areas, indications are that Japan will be more dominant than ever in the next generation of electronic consumer marvels.

With worldwide markets for conventional audio and television products flat or declining because of saturation, Japanese companies such as Sony, Matsushita Electric, Sharp, Hitachi, Toshiba and Seiko are taking the lead to create de-mand for a series of new devices. Hopes are strong that at least one of these products will enjoy the highly profitable boom of the video-cassette recorder and Walk-

man-type personal stereo. Among the most promising new

• Digital Audio: This fall, a host of Japanese companies will begin worldwide marketing of the first "digital audio disk" or "DAD" players. These compact players, less than half the size of conventional record players and powered by the laser system devel-oped by Sony and Philips of the Netherlands, provide a far clearer and more powerful sound than any conventional disk. Moreover, their tiny disks are impervious to both dust and scratches.

Already such manufacturers of software as Polygram CBS (CBS-Sony in Japan) have announced plans to market several hundred disks for use in these players. And as market demand increases, these disks should take the place of the conventional stylus-functioning

Another year or so later, the Japanese makers also will start marketing digital versions of the compact-size cassette player. Un-like the digital audio disks, these will allow users to dub music off the radio and other disks.

In addition, manufacturers are expected to begin providing a wide range of compatible new generation products, including speakers, and amplifiers with the higher performance characteristics required to show off digital audio at its

ant as food or energy. "They de-cided knowledge was something to sell," he said. But Manry Lehmann of Imperi-College in London, and formerly with IBM, is more worried about the implications of the project. He explained that although there are societal objectives —and technical proposals — there is no plan to check the adequacy of

opment of very complex software, which in turn needs a lot of oew

But the development of the huge

data bases or knowledge base is more daunting. In a outshell, the eventual aim is to produce data of

the total common knowledge in

the world today — presumably secrets will still be secrets, whether they belong to a company such as

IBM or a government. These data will be divided into expert packages. One might include all the

data needed to prospect for oil; another all the information on how

to meet air-pollution regulations in

Japan; and yet another would di-vulge all known medical data.

Enormous Jump

So huge is the problem that the Japanese have invited other coun-

tries to join in the project, and it is possible that Britain, West Germa-

ny and the U.S. will be involved.

But not all the experts agree that Japan will succeed in cracking the fifth-generation nut. After all, it

has a poor record of innovation.

However, most experts realize that

just by tackling the project in a systematic way, the Japanese com-

puter industry will take an enor-mous jump forward.

computer science at Stanford Uni-

versity, who is recognized as one of

the world leaders in computer sci-

ence, told a conference in London

recently: "If they [the Japanese] only achieve 20 percent of their goals, they will still be orders of

magnitude ahead of where we are

now." He also pointed out that the

Japanese have decided to treat in-

formation as a resource as import-

Ed Feigenbaum, professor of

This is a real problem where the data bases are concerned. For example, with so much data available, the government in any country will be in a position to wield enormous power over individuals. Under the guise of national security, that information could be used all sorts of ways; with an unscrupulous government, Orwell's "1984" could come very quickly although 1994 is a more likely date. Censorship could be compu-

Then, with access to data could people really diagnose their own illnesses? Or would human nature make us misread the data? Certainly, professional bodies, such as lawyers and accountants, will try to prevent "their" data being made available to the general public. Clearly, the whole subject is fraught with difficulties, which demonstrate only too well that information can not only be sold but

that it can command a high price. However, the project goes on, and since it will go on for 10 years, there should be plenty of time to thrash out the ethics of what will become a new information business. In any event, if the project is successful, it will give the Japanese computer industry, which unlike the Japanese semiconductor industry, is still not strong outside Ja-pan, a big lead. That could lead to dominance in the information business in the 21st century — ex-cept that before long, other fifthgeneration projects are likely to spring up.

 New Televisions: Now that TOKYO - Japanese electronics 98 percent of Japanese families makers are gearing up for a have color sets. Japanese makers are trying to stimulate demand for TVs by designing a wide range of ucts that will ultimately be both cheaper and better than anything smaller more convenient TVs for use away from home - on the beach, in the mountains or even in the commuter railway.

industry is hopeful about the fu-

ture. But most executives at those

companies also are rejuctant to, as

the Japanese say, "count their badgers before they are skinned."

A common problem facing all of

these new products is high initial cost. The "DAD" players, for example, could sell for \$800 to \$1000, plus the cost of the disks. The Seiko wristwatch television set

will cost about \$400. Clearly, the

problem is that in the midst of this

recession's enduring pessimism, it is unclear if consumers in Japan or

elsewhere will be willing — or able
— to plunk down enough cash to

purchase these products in great

Prices will come down with vol-

me production. But as no one

knows how quickly, executives are

not expecting overnight miracles.
"We are hoping that digital audio
replaces conventional record play-

ers. But we don't expect that to happen before the end of the dec-

ade, at least," one Sony official

numbers.

Electronics Industry: Gearing

The first such product to hit the market is the flat television set of Sony Corp. Since last February, Sony has been marketing in Japan a set that fits in a suit pocket and can be conveniently carried to any outdoor location. By the end of the year, this pocket-size television will be on sale in the United States.

The reason the Sony device was the first on the market is simple enough: although it uses a brand-new type of cathode ray tube (CRT), it nonetheless functions on a fairly conventional technology. similar to the flat TV marketed not ong ago by Sinclair of the United

More innovative are a series of other new televisions that will not even use the electron guns that power Sony's flat cathode ray tube. The first such products to the market will display their images, instead, on the liquid crystal dis-play (LCD) chips that, until now, been limited in their utility to the displays of pocket calculators.

• Filmless Cameras: Another major breakthrough will come with the development of the filmless camera. The first such device, the Sony "Mavica," already has been demonstrated in prototype and will be marketed worldwide next year. Its advantage over conventional film cameras is that it will allow the consumer to produce cheap stills, electronic images both on his television screen and on paner (through a converter).

Since the entertainment lives of most consumers is oow focused around the television set, Sony and other Japanese companies are expecting consumers to welcome the new lightweight cameras that can pot them in still images on their own screen. Moreover, the "Mavica" cameras also will function as conventional videotape cameras with all their advantages over film when attached to video recor-

With all these wonders to ap-

Administrative Reform

(Continued from Page 10S) sion and restrictions on Japanese exports. Therefore, the only way out for the moment is to stimulate

domestic demand. This has been done in various ways in the past. The most effective was by running major public works programs. By putting up basic infrastructure and other large the construction industry and also to employ vast numbers of work-ers. With the policy of budgetary restraint, part and parcel of the administrative reform effort, it has been occessary to keep public works expenditures down. So, one form of stimulation is ruled out.

During the present slump, it is actually small and medium-sized enterprises that hurt most. They are generally weaker, sometimes are generally weaker, sometimes excessively dependent on subcontracting and usually short of credit. To make up for these inherent disadvantages, the government usually provides special assistance to small businesses. This also has remained stagnant, ruling out a record course of stimulation.

second source of stimulation. Admittedly, the government hudget is not growing as fast as be-fore, although it is not being kept to "zero growth" as is sometimes claimed. This means that ordinary taxpayers, and especially corpora-tions, are being assessed less than otherwise. But they are still paying more than before due to "bracket creep" arising from inflation. No matter how successful the administrative reform may be, there is not the slightest chance that taxes can actually be reduced.

This means that, although it was certainly not intended, administra-tive reform is getting in the way of economic recovery. This will explain why even certain business circles are at most lukewarm while the trade unions and opposition

parties are adamant. Even the average citizen loses by not receiving some essential benefits, such as proper streets and sewage, enough school teachers or free medical care for the aged.

Future Needs

That is how things stand now, but the future must be considered. It is widely known that the population is aging rapidly. In fact, by the year 2020 Japan is expected to have the oldest population in the world, with more than 20 percent of the people aged 65 or over. This indicates that Japan is going to face tremendous problems of social security, retirement pensions and medical assistance. It will be in dire need of more hospitals and old-age homes as well as the personnel to staff them.

Yet, nothing is being done about that. The administrative reform is largely static and backward-looking. Its sole purpose is to trim costs that exist today, without showing much concern about rais-ing funds that will be needed tomorrow. If anything, rather than prepare the way for a more extensive and supportive social welfare system, it is undermining what lit-tle now exists. This, to convert an old saying to the local coin, is "being sen-wise and yen-foolish."

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Herald Tribune

The Benighted Nations

From THE NEW YORK TIMES

After less than a year atop the United Nations glass house, Secretary-General Javier Pérez de Cuéllar is throwing rocks at the right targets. The nations are not united, he insists, even in a desire to avoid calamitous wars. The weak may complain, but those who feel strong, whether large or small, routinely ignore or defy the United Nations machinery for conciliation.

"We are perilously near to a new international anarchy," he asserts. Strike the word "new" and you have an admirable plea for reassessment. The trouble with his complaint, and with his remedies, lies in his perception that something has changed.

He writes as if "collective security" --- a term borrowed from military alliances once really promised global order. He writes as if the Security Council was once something more than an instrument for coordinating occasional consensus among the United States, the Soviet Union, China, Britain and France. He writes as if these "permanent members" stake their claim to vetoes and superior wisdom and morality on anything more than strength, and as if the organized use of force were not always the essence of nationhood.

The main problem of the United Nations is not disunity, a chronic human condition. The problem is that an assembly of nations called "sovereign," or subject to no higher

authority, can never be more than the sum of its members. Nations can behave inside the United Nations only as they behave outside, bartering interests, including their interest in peace. But, the Charter notwithstanding, they insist on the right to redress grievance by force, which is what distinguishes a nation from province, county, town or individual.

To yield that right, nations would need a common parliament to write laws, courts to interpret them and police to enforce them. They would have to disarm and pay taxes to protecting authority instead. The United Nations cannot evolve into such a higher authority; it was designed to foreclose it, to let peoples relate only internationally, through the prism of their armies.

That does not mean that the United Nations is uscless as mediator when any parties want to avoid war. But it does mean that anarchy - the absence of higher authority - is

the desired, if undesirable, condition.

The secretary-general is to be commended for pricking the pretenses in his glass house. He is right to wonder whether even sovereign nations cannot be made to recognize their interest in his conciliation services, to be spared a war or two. But he should always begin with the recognition that he presides over the shrine of nationalism, the very root of the

Arabs Abetting Begin

From THE WASHINGTON POST

"Peace is a winner," Secretary of State Shultz insists, and we think he is right. But peace is not a quick and easy winner. To the Begin government's harsh rejection of the new American peace plan has now been added a soft rejection by the 20 Arab govern-ments that assembled with the PLO at Fez.

Ignoring the American call for negotiating with Israel a West Bank territorial compromise and a self-governing entity "in association with Jordan," the Arabs at Fez simply demanded creation of a PLO state in all the territory lost in 1967. Their plan says not a word about negotiating with or recognizing Israel — legitimate Israeli demands. "Peace among all states of the region" (in that phrase

its the plan's only evident reference to Israel) would be guaranteed by — don't laugh — the United Nations Security Council.

American officials had hoped that at Fez the Arabs would start easing off their eight-year-old insistence that the PLO alone speaks for the Palestinians. But Fez reaffirmed the earlier Rabat endowment of a PLO political monopoly. Its practical meaning is to freeze Jordan out of any dealing for West Bank Palestinians, and thus to flour the key American strategy of drawing Jordan in.

The earlier Fahd peace plan called for Ar-

abs to accept "the right of states of the region to live in peace." This was too little for Israel but too much for Arab radicals, who shot the plan down. This time the radicals joined the drafting party: The new Fez plan relieves Arabs of any obligation to accept even the modest offering of King Fahd. Instead, Fez suggests that the Security Council "guarantee peace among all states of the region, including the independent Palestinian state." Why the toughening at Fez? The difference apparently was the Lebanon war, which enabled the PLO to play on the guilt and vulnerability felt by the Arab states for having abandoned the PLO in Beirut.

So Fez was a triumph for the PLO, but a triumph achieved at a price. The Arabs have a show of unity around a position that Israel rejects and the United States cannot support. If they stick to the Fez plan, they will have kicked away the tremendous offer that Mr. Reagan has made to help them achieve an

imperfect but worthy goal.
Will they stick to Fez? Certainly Menachem Begin, for one, must hope so. The Fez plan ensures that the American proposals will not get off the ground. It bars an approach to the table by the one negotiating partner, lor-dan, specified by the United States and suitable to Israel. It enables Israel to escape the onus of being the sole spoiler. The Begin government went into Lebanon believing that the operation would let it solve the Palestinian problem in its own restrictive, unaccept-able way. The Arabs at Fez seemed intent on proving Mr. Begin right.

America, however, can no more take Fez as the last Arab word than it can take the Begin government's position as the last Israeli word. Mr. Shuitz probably went too far in suggesting that there could be value in the Fez plan if it turns out (this is not clear from the text) that it implies Arab willingness to recognize Israel. The Egyptian-Israeli exam-ple once and for all devalued such formulas of evasion as "implied recognition" and non-belligerency." It established direct talks and full normalization of relations as the sine qua non of peace in the Middle East.

Mr. Shuliz was right, however, to emphasize a continued American search for an Arab negotiating partner. Comment by Labor Party leader Shimon Peres suggests that there may yet be an Israeli negotiating partner as well. The American proposals remain fair, necessary to pursue and, we believe, ultimately achievable. Last week we suggested that the Israelis were testing Mr. Reagan. So are the Arabs. The going will be rough.

Other Editorial Opinion

Views of the Middle East

In the end, the only formula for a Middle East solution will be for Israel to be given a convincing offer of peace, backed by the superpowers, in exchange for withdrawal from the occupied territories.

- The Observer (London).

The Arab world and the White House are now getting themselves closer to a position where their policies can converge with those already declared by the European powers. Then for the first time a concerted Western pressure can be exerted upon Israel. It would be surprising if, under such pressure, nothing moved in Mr. Begin's Jerusalem. - The Sunday Telegraph (London).

President Reagan categorically opposes fresh Israeli settlements in the occupied territories. Mr. Begin is pressing ahead with them. Consequently, Israel's policies can now, for the first time, be implemented only in direct defiance of Washington. The Begin and Reagan policies are irreconcilable. The recognition of Israel at Fer gives President Reagan. nition of Israel at Fez gives President Reagan the basis for the assertion of American power without which no workable Israeli-Palestinian compromise can be contrived.

- The Sunday Times (London).

Paris and Cairo should combine efforts so as not to be left on the sidelines, given the joint effects of the developing "pax america-na" and of Saudi diplomatic jealousy, at a time when a capital phase of the 20th century's Near East question appears to be starting. Each of the two capitals is going to have to give the other serious support to meet the challenge that two rich and influential countries, the United States and Saudi Arabia, issue to them in a region of the world in which neither of those countries is geographically present. The French-Egyptian plan at the United Nations, to the extent that it stands midway between the Reagan and Fabd plans, might ultimately offer a possibility of compromise in the Near East.

— Le Monde (Paris).

Beyond its tangible results, the Fez summit has helped the birth of a new spirit characterized by its seriousness and restraint. -Le Temps (Tunis).

At Fez we did not see any signs of attempts by the Arab states to outbid each other. This

is an important development enabling Arab rulers to reach objective decisions.
— Al-Liwa (Beirut).

SEPT. 13: FROM OUR PAGES 75 AND 50 YEARS AGO

1907: French Aeronautic Success

PARIS - Today's editorial in the Herald reads: "France retains pre-eminence in the world of seronautics, as has again been demonstrated by the successful volutions of the Ville de Paris over the city. This airship, which is even larger than the Patrie, recently acquired by the French War Office, moved in all directions and at various altitudes, obeying the slightest touch at the helm and generally behaving in a highly satisfactory manner.

"Meantime, French aeronauts are also devoting attention to aeroplanes, of which 10 are in varying stages of completion, notably Monsieur Bleriot's, which has made several flights of somewhat more than 100 yards without untoward incident."

1932: The Reichstag Rebels

BERLIN - In defiance of a dissolution decree flung down on Speaker Goering's desk by Chancellor von Papen, the Reichstag, by a vote of 513 to 32, voted the downfall of the "cabinet of barons," in one of the most dramatic parliamentary scenes in history. Goering refused to accept President von Hinden-burg's decree and rebuked von Papen for presenting it before the chamber had voted. The Reichstag voted to reassemble the next day, and adjourned. The cabinet members filed out amid Communist shouts of "Down with the von Papen government!" The chancellor then warned the Nazi speaker that the government intended "to prevent the deputies from entering the Reichstag building."

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Foreign **Policy**

By Philip Geyelin

Pricing

SOUTHWEST HARBOR, Maine — On the rare day here when you can't see the forest for the fog. the setting is suitable to dismal contemplation of Reaganomics, national insolvency and the potentially devas-tating effect both could have on American foreign policy.

By chance, two working papers

were at hand. One was an essay by David Boaz, vice president of a think tank called the Cato Institute, who stipulates that the sanctity of military spending in Ronald Reagan's scheme of things cuts through all easy no-



tions of domestic economizing. Boaz states boldly what it would mean to eliminate budget deficits.

It would pretty nearly wipe out much government activity — includ-ing the Nuclear Regulatory Commis-sion, the Forest Service, the Drug Enforcement Administration, the Immigration and Naturalization Service -

and bite deeply into Social Security.

The Boaz essay is reductio ad absurdum, practiced presumably for its shock effect. For the full shock effect, however, you have to read a second paper by a Cato stablemate, Earl C. Ravenal, a professor of international relations at the Georgetown Universi-ty School of Foreign Service. Whereas Boaz shows how to save

\$209 billion without touching the Pentagon, Ravenal acknowledges the unfeasibility of draconian assaults on government civilian services. He would find \$204 billion in economies in "the most egregious" feature of the 1983 Reagan budget; "the vast in-crease in defease spending." What would be involved, Ravenal argues, would be a revolutionary

reappraisal of the American role in the world, of U.S. obligations to allies, of the very definition of what is required for security. There lies the strength of Ravenal's

argument. You do not have to accept the prescription to be impressed by its honesty. He does not kid us with the promise of substantial savings by "eliminating waste." He does not play around with priorities on individual weapons systems, cutting out this new tank or that new aircraft. Whatever the merits of a nuclear

freeze, Ravenal does not include budget savings as one of them, because the "bad" weapons are not necessarily the most expensive ones. On the contrary, the more popular

"conventional" forces — the land divisions, tactical air wings and navy units --- account for nearly 80 percent of the defense budget. But they also constitute the essential underpinning of any ambitious, all-encompassing global policy designed to contain or deter Soviet expansionism worldwide

"The argument is simple," Ravenal writes. "The defense budget is the price of foreign policy, and we can't afford our foreign policy."

So where do you retrench? Here again, Ravenal, like Boaz, is not one to play games. He rejects the selective abandonment of marginal commitments: "To be serious about cutting defense spending you must talk about America's major alhances — particu larly NATO, which is costing us \$129 billion a year, half of our entire defense budget."

So Ravenal would switch, in breathtaking fashion, from today's policies of "deterrence and alliance" to what he calls "war-avoidance and self-reliance." He would shy away from involvement and intervention. He would take what some would consider to be frightening risks. For example, he is quite persuaded that any serious U.S. effort to defend the Gulf would cost as much as its loss, which is to say the loss of its oil To a large extent, he would let Eu-

rope shift for itself. Ravenal, then, would be perceived by many to be as far-out as Boaz. In any case, both analyses serve the same useful purpose: By their un-blinking acceptance of the implica-tions of real, honest-to-goodness budget balancing, they lay bare the fundamental contradictions in Reagan's fiscal, domestic and foreign policies. And they do so in a way that much of the argument over the celebrated Reagan tax increase or budget veto most emphatically does not

Boaz is arguing that any effort to find the necessary deficit-ending economies on the domestic side would transform American society, radically and unacceptably.

Ravenal is saying that assuring sol-

vency — and security — will inevitably oblige those who would balance the budget to turn their attention to the Pentagon. But he is also saying this: It is downright disingenuous to think that you can balance the budget defense retreachment without matching retrenchments in foreign

The Either-Or Temptation in Poland

PARIS — The dilemma of Poland's military rulers is that there is no real solution to the country's internal problem so long as the external problem is not solved.

There are ways to temporize. The generals can repress the population, but thus provoke defi-ance. They can arrest people and stage provoca-tions. They can try to bring about a sullen coexistence between authorities and people. These are not solutions. The fundamental political conflict remains, and violence is always close.

Externally, no arrangement is possible that does not assure Moscow that Poland will remain an ally, reliably guaranteeing the Soviet Union's forward military defense and its communication lines to Germany. Internally, Poland must remain a zone of political security. For these reasons Moscow has been unwilling, perhaps unable, to tolerate internal Polish reforms that would concede formal powers to a popular movement, Solidarity, not under the control

of the Polish Communist Party.

But the outcome of this intransigence has been the collapse of the party's authority and the transfer of government to the one force in the country which, unlike Solidarity, possesses the material means to rule on its own and, potential-

ly, to do as it pleases, the army.

Poland, like Turkey, Argentina, Chile and so many others before, was taken over by its generals. They are no doubt well-intentioned, in the fashion of generals. They would like to find a way to resolve Poland's problem which could win way to reside the residence of at least acquiescence. In principle this should be possible. Social and economic reforms could permit Poles to move toward a level of material existence closer to that of the other Europeans. Arrangements are imaginable to permit people to manage their

own affairs of community and workplace.

Ways to do this were being examined before Solidarity's repression last year. The reformers explored ideas which might have permitted Po-

By William Pfaff

land a degree of internal autonomy to set social and economic policy in a more democratic way, while scrupulously respecting the security con-cerns of the Soviet Union. One would think it obvious that the Soviets would be better off if the Polish people could run their own affairs, to their own satisfaction, so long as this was without overt challenge to Marxism and did not provide political or military assets to the West.

Such an arrangement has existed for 35 years in the north, in Finland, a case which was cited by Poland's reformers as providing, in certain respects, precedents relevant to their own country's needs. But the Soviet government has shown not the slightest sign of the imagination, or the realism, that would allow it to move in that direction.

Risks for All

The Soviet leaders are terrified of change, and comprehensibly so, if not forgivably so, since to begin to change is to launch a process which might run away from control. The risk is evident. The risks of refusing to change are not so easily seen. But they do not lie that far into the future.

Without internal reform, Poland becomes less secure for the Soviet Union, and Poland's military government is drained of such legitimacy as it can presently claim. The Communist Party of Poland was never liked, but governments do not have to be liked to be obeyed and even to be conceded a right to rule. A government which does its job, makes the economy work, keeps the law even if it is a hard law, can earn acceptance, a grudged legitimacy. The Polish Communists failed to do that. The soldiers now try, but so far they are not succeeding. What then is to be done?

The Polish people can try to take matters into their own hands and change things themselves. Solidarity was their first attempt. Its leaders overestimated their own powers and underestimated the determination of their opponents.

But Solidarity has shown, during the anniversary days of the Gdansk accords at the end of August. that it has not been eliminated and that, with the church, it continues to enjoy moral anthority. Solidarity's policy now is to try to force the government once more to negotiate with it. There ems little immediate chance of success.

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There is a second possibility, which some Poles have already proposed. It is to recreate a parallel state, able in major respects to disregard the official structures and make its own decisions. The Poles did this during World War II, when there were an underground educational system, underground courts and an underground political and military structure. It was also done, although in a different way, in the 19th century, during Poland's partition, when rebellions against Russian control had failed and a policy of cultural Russification had been imposed from Moscow.

In the past there has been an influential idea in Poland of that pation as advance gnard of Westem civilization, fighting Russian obscurantism. "Samizdat" and other opposition statements in recent years have reiterated this tenacious and romantic notion that there is no "third way" either Poland crusades for the West or it submits to Russia. The implicit argument is that the West has to fight and prevail - tertion non dates.

This idea reflects a persistent messianism and catastrophism in Polish thought, the notion that only a great and bloody upheaval can change the nation's situation. (Or redeem it, for there is a religious overtone to this, a conception of Poland as the satrificial nation, the Christ of nations.) There already have been terrorist acts inside Poland, and now outside - the seizure of the em-

bassy in Bern. These are warnings.

If the people of Poland are left with no alternative to underground action, which would be in-spired by spocalyptic nationalism, then the Polish people, the generals and the Soviet Union itself may truly be launched on a terrible course.

International Herald Tribune.

In Fall, Some Men's Fancy Turns to Nonsense

ROCHESTER, Vt. — The leaves are turning early this year in the White River Valley and on the slopes of the Green Mountains. Brandon Gap (elevation 2,170 feet) is already a harbinger of antumn, with beginning shades of red and gold glowing richly against summer's fading green.

Children are going back to school,

too, in this most tranquil of states, lining up cheerfully by the roadside to wait for the buses that have long been commonplace here. This new growth of children, the annual recy-cling of the generations, as well as the turning of the leaves — in the beauty and timelessness of both - make fall the true season of renewal.

They also suggest how much non-sense the world more commonly works itself up about - the 1982 elections, for example, which are being waged here as everywhere else. In Tuesday's primaries Vermont has a Republican candidate for the United States Senate, Thomas McGregor, a pharmacist, who has confided to The White River Valley Herald that his decision to run was impelled by God, who, he said, appeared to Mrs. McGregor in a dream.

With such endorsement, McGregor opposes abortion, sex education, gun By Tom Wicker

control and secular humanism, while funds may never be used to pay for favoring prayer in the schools and a strong military buildup.

Reagan, while claiming no heaven—

Reagan, while claiming no heaven—

example, in the case of a rape or in-

strong military buildup.

Reagan, while claiming no heavenly backing, did his part for "family values" last week by strongly endorsing Sen. Jesse Helms, anti-abortion proposal and by offering no opposi-tion to the same Helms' plan to bring prayer back to the public schools by emasculating the Supreme Court.

In both cases, a president who re-spected constitutional precedent, or-derly procedure and the equality of citizens would have insisted instead on a constitutional amendment. Reagan was apparently willing to put such conservative principles aside because, as a White House official puts it, issues like abortion and prayer in the schools are "motherhood and apple pie to this administration." Translated, that means that with

an election coming up, the president is trying to please the radical right, his base of support, by showing that he is one of them — that Ronald Reagan is still a Reaganite. In the one case, the president of all the people urged senators to support the Helms proposal that federal

cest victim or a woman too young to provide adequate care for a child. This is not only senseless public

policy — particularly for people like Reagan and Helms who bitterly resent "welfare mothers." It is also patently inequitable, leaving women able to pay for an abortion free to have one, while decreeing that those too poor to pay have to bear unwanted children or have the job done by a coat-hanger artist in a back alley. A constitutional amendment, on the other hand, would impose a uniform rule on rich and poor alike, and would have the virtue, if passed of demonstrated national approval. And it would openly repeal, rather than

reached Supreme Court decision. Reagan's political grab on the Helms prayer bill is even less princi-pled, since his own attorney general has already cited the plan as an "un-desirable" attack on the Supreme Court. More eminent legal scholars — for example, Robert Bork, Rea-

deviously undercut, a constitutionally

gan's appointee to the District of Columbia Court of Appeals — called it unconstitutional.

The Helms proposal — like his anti-abortion plan, a rider on a debt-limit measure — would strip the Sn preme Court of jurisdiction in school prayer cases. Thus the court could not enforce its 1963 rating that such prayers are unconstitutional; and a hodgepodge of state laws, making prayers in school legal here but illegal there, legal in some forms but not in: others, would be bound to result.

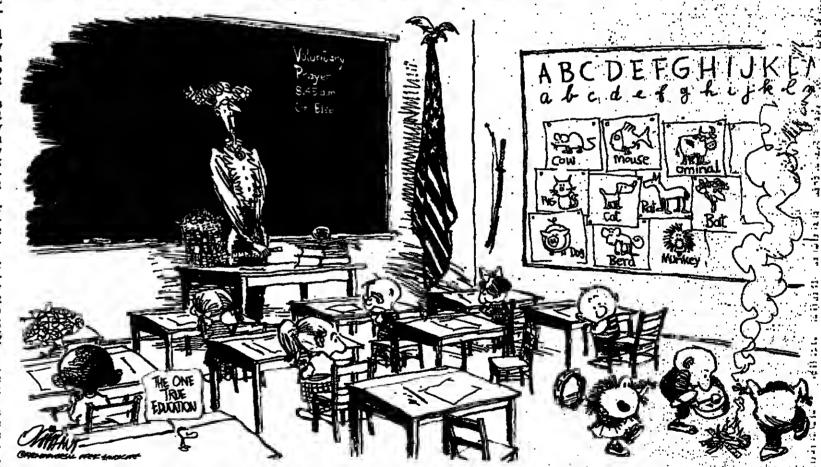
The Helms plan would effectively amend the Constitution by majority vote of Congress rather than by the votes of two-thirds of each House and three-quarters of the states.

Reagan is supporting a constitutional amendment on the prayer is

sue, but his statement made clear that he would sign the Heims court-strip-ping bill despite the attorney gener-al's opinion, despite its probable inconstitutionality and despite the radi-cal precedents it would set for gutting

the Supreme Court's authority.
So praise be for the children going. back to school and the leaves turning in Brandon Gap. Some things endure, even if nonsense prevails.

The New York Times.



'Class will confine its style of classroom prayer to the normal, proper, accepted, All-American Christian variety?'

The World Bank's Clausen Stands By the IDA

TORONTO — Now entering his second year as president of the World Bank, A.W. Clausen gets full marks from most of those who attended the international financial meetings here for carrying on the fight against poverty in the best Rob-ert S. McNamara tradition.

Tom Clausen seems to combine just as strong a sense of obligation to his task with the more detached perspective of a commercial banker. "If we have an ideology," he told me, "it's pragmatic economics." Borrowing governments "have to know that when we see it's do-able or not doable, we are not swayed by politics."

At the start there was a good deal of suspicion about Clausen. World Bank bureaucrats who had to work for him feared that he knew little about poor countries. The developing countries were suspicious that he would turn the World Bank into a commercial bank. The U.S. Treasury thought that he really was too liberal.

Most of these concerns have been dissipated. Clausen has been learning about development problems, has not turned the institution into Bank of America East, yet has moved it toward more cooperative ventures with the private sector. And he is sensitive to the concerns of Third World countries that the private projects should be in addition to, not a substiBy Hobart Rowen

problem is to try to keep alive the bank's soft-loan agency, the International Development Association. It is a tough job in view of what he calls Washington's effort to perform an "amoutation" of the IDA's services.

subsidized aid money. It advances money at no interest, with only threequarters of I percent as a service charge over a 50-year term.

The Reagan administration at first tried to scrap U.S. contributions to

this 20-year-old program. But, pres-sured by Alexander Haig and con-gressmen who understood that much IDA money comes back to the Unit-ed States, Washington relented. However, the money has been drib-

bled out in such a way as to leave the United States 40 percent behind its original schedule of contributions. And since other countries are entitled to drop their contributions proportionally, poor countries have been getting much-reduced sums at a time when they need money most. Last year, instead of a projected \$4.2 bilion they received \$2.7 billion.

One of the ways Clausen confronted the problem was to commission an analysis of the IDA's record - a frank and honest one that, he says,

have reviewed their history and then published case histories of failures. For example, in 1970 the IDA signed an agreement for a \$5-million credit to irrigate 12,000 hectares in Madagascar. Within 10 years, an enthusiastic IDA team said, rice output would be doubled. But after five For the poorest of the poor coun-ries, the IDA is the major source of years production had gone up only a little, inequities had grown and social tensions were on the rise. In short,

the program had failed But the World Bank makes its point that the failures are the excep-tion, and that overall the IDA has

been a great success. Given U.S. rejuctance to put up a full share of its money, Clauser knows that in the years ahead the shape of the IDA program will have to change. It will no longer be possi-ble to lend at zero-percent interestover such a long term. Recipient countries will have to pay some interest. But it will still represent a substantial subsidy compared with com-

Regarding "Soviet Union Gives Up on Reagan" (IHT, Aug. 28):
Is the message in Moscow "that the Soviet Union has given up hope on getting anywhere with the Reagan administration" necessarily such bad news? If "getting anywhere" implies extracting the kind of concessions we have become accustomed to recently, shouldn't President Reagan be

praised for refusing on Soviet terms? Consider the SALT agreement and the endless disarmament talks that have resulted in Soviet strategic and mercial market rates. The Washington Post.

LETTER TO THE EDITOR

Why Soviet Terms?

the United States and the U.S.S.R. The Helsinki agreement recognizes the Soviet occupation of the Baltic states and establishes a one-way movement of people, ideas and information," namely, the Soviet way. The other way around is "unlawful" interference in internal affairs."

Trade agreements allow Western laxpayers to subsidize the Soviet economy and pay for the privilege of -becoming dependent on Soviet good ; will for their energy supplies. The detente rules allow the Soviet

invasion of Afghanistan and the imposition of martial law in Poland.

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Investors Rush To Top-Rank U.S. Firms

By Carl Gewirtz

PARIS - The Eurobood market parts — the corolond market sent on an emotional binge last seek with investors dumping bank holdings — floating-rate notes, fixed-coupon bonds, certificates of deposit — and rushing to place their money in top quality corpo-

Investment bankers, quick to catch a trand, launched \$500 mil-ion worth of bonds between midthursday and Friday at terms that one of them candidly admitted were "sheer exploitation" of inves-tor fears about the safety of the besking system.

stors were also dumping Danish paper on rumors of an im-

EUROBONDS

pending downgrading by the rat-me agracies, and South American issues on fears of rescheduling. Also heavily sold, although bank-ers were unable to offer any explanation, were the bonds of the Europesn Investment Bank and the European Coal and Steel Commu-

First off the mark was a \$150million deal for IBM World Trade. The fact that the 1214-percent coupon was the lowest seen in 18 months for a 10-year bond or that the return was more than half a point less than could be earned by buying U.S. government paper in New York was no cause for pause. and within hours the size of the issue was increased to \$200 million. Seven-year Treasury bills, for example, were yielding 13.05 percent. Notable Stinginess

Source — would stiple:
Ourr of jurisdiction as:
25es. Thus the unit. In rapid succession on Friday, Coca-Cola, General Electric Credit and R.J. Reynolds each launched \$100 million of seven-year bonds bearing coupons notable for their

Gone suddenly were market wornes about the rising U.S. mon-ey supply and the impact this might have ou dollar interest rates, or the size of the U.S. deficit with Congress's rejection of a presidential veto of a \$14-billion spending bill, or the rate of inflation after Washington announced that producer prices last month rose 0.6 percent, which was slightly more than expected.

Especially striking was the fact that bond prices were declining all week. To bring new issues at such aggressive pricing in such a market served to underscore the unique orbit of such credits as IBM.

But by the end of the day, with nors of an impending \$100-million issue for Exxon roding the market, the euphoria turned sour and prices of the new issues began

IBM Does Best

IBM held up best, quoted at 99%. Coca-Cola, also rated triple-A, sagged to 97% for a yield of 12% percent. GE Credit, rated triple-A by Standard & Poor's but double-A by Moody's, traded at 98 for a yield of 12.44 percent. Reynolds, bearing the highest coupon of the lot was the least well-received, quoted at 98 4 for a yield of 13.15

Mcanwhile on the secondary market, the paper of top-class U.S. banks was yielding 15 percent and double-A corporate credits such as Do Pont were trading to yield 13%

Bankers insisted that there is a special niche for triple-A U.S. corporate paper but that the volume ss launched last week was

The new issue for Banque Nationale de Paris, launched amid the flight from bank issues, was espe-rially hard-hit and was quoted at 97 for a yield of 14.2 percent.

30% ou Mexican Issues A floating-rate note for the Dutch financial subsidiary of Grindlay's, guaranteed by the Brit-ish parent bank, is obviously pitched to the professional market

as it is being sold in units of In the Deutsche mark sector, where the volume of outstanding Latin American paper is more than triple the amount sold in Eu-rodollars, the sell-off produced dramatic results with yields on Menican issues breaching 30 per-cent. Yields on Argentine and Bra-zilian paper ranged from 15 to 25 percent, dealers said.

The wide variations, they explained, resulted from whether pa-per was actually being sold. Where selling pressure exists, the price falls away because no one is buying," one dealer said. "Where no selling is actually taking place, dealers are simply marking down

Mexico, with some \$5 billion m bonds outstanding, has had the widest access to international capi-lal markets of any Third World issucr. About \$3.5 billion is in doilars, most of it floated in the U.S.

(0.000000000000000000000000000000000000	
Eurobond Yields	
, for Week Ended Sept. 2	13.97 %
ini'i inst. ig. term USS Inc. iong term, USS	15.49 %
Ind. medium term. US\$ Can.s medium term	15.76 %
French fr. medium term	16.40 %
ECU medium term	8.45 % 13.31 %
EUA long term	11,25 %
ini'l inst. lo term FLX FLX long term	11.05 %
Catalana and the same and the s	

Market Turnover For Week Ended Sept, 10

NEW EUROBOND ISSUES

100		X C	Borrower	Amount (millions)	Maturity	Coupon %	Price	Yield At Offer	Terms
•			Banque Nationale de Paris	\$150	1989	1314	100	131/2	
•	1	1	Caca Cola Int'l Finance	\$100	1989	1734	991/4	11. 9 1	First call at 101½ in 1987.
•	١.		General Electric Credit	\$100	1989	12	991/2	12.11	First call at 101 in 1987.
1	•		Grindlays Eurofinance	\$100	1992	+ ¼	100	_	Over 6-month Libor. Minimum 51/4%, Sold in units of \$100,000.
<u>•</u>	1		IBM World Trade	\$200	1992	121/4	100	121/4	First call at 101½ in 1990.
			American Comp		1997	66			
.7.	3	2 A	Markona Fount Interhalipate	- 100	1989	146	904	14.8	
	3	-	A. L. Raymords Inches lines	1	1989	12%	100		
	*		Works Black		1987	134	944	13.32	
•	•		Japan Synthetic Rubber Co.	DM50	1988	71/2	100	7%	Each 5,000-Deutsche mark note with 2 warrants exercisable into 1,000 shares at a price yet to be set.
• j		1.1	City of Johannesburg	DAS0	1986	10	991/2	10.16	Non-callable.
• •	}	, ,	McDonald's Finance	00 Fmg	1992	81/4	100	81/4	First call at 102 in 1988.
	1		New Zealand	рм150	1989	8¼	open	-	Terms to be set Sept. 14, First call at 101 in 1987.
	4			200-00	1994	1094	does	region .	
•	1	1 1	Gaz de France	NK100	1987	13	open		Price to be set Sept. 15, Non-coffable.
	I	41	Sut de Franço		1989	13	20	134	Spirit of the same of the same of
		41		280	**				
Fig.	1	7			e Wat	***	100		and the property of the plant of

Higher U.S. Rates Seen Following M-1 Growth

By Michael Ouint

New York Times Service NEW YORK — With Friday's announcement that the basic moo-ey supply in the United States had increased by \$900 million io the week ended Sept. 1, the M-1 measure has now risen for six consecutive weeks, and analysts say the prospects appear greater that there will be a slight rise in short-term

The six-week rise of \$6.6 billion. to a level of \$457.1 billion, puts M-1 above the Federal Reserve's growth targets for both the current

U.S. CREDIT MARKETS

quarter and the year. The more broadly defined money supply measure known as M-2, which the Fed reports monthly, averaged \$1.95 trillion in August and is also growing faster than the central

"The above-target growth com-pletely eliminates the possibility

to envisage a modest increase in short-term interest rates later this

The Fed's anoual growth target for M-1, which it defines as currency plus all types of checking accouots, is 2½ percent to 5½ per-cent, At \$457.1 billion, the level of M-1 is about \$1 billion above the level consistent with a 51/2-percent annual growth rate.

For M-2, which the Fed defines as M-1 plus small savings accounts, as well as certain overnight hank borrowings and money market mututal funds, growth is well above the annual target of 6 to 9

The \$1.95-trillion level of M-2 in August equals an annual growth rate of about 10,4 percent above the fourth-quarter average and a 14.2-percent annual growth rate over the July average.

Although Fed officials have said that above-target growth will be tolerated for a while, analysts have that the Fed might ease further," concluded that recent growth plus overnight rate for bank one government securities trader said. He said it was now possible weeks ended Sept. 8 and Oct. 6 percent from 10 percent.

U.S. Consumer Rates

Passbook Savings

"All Savers" Certificates 6-Month Savings Certificates..... 9.86 % Tax-Exempt Bonds Money Market Funds Home Mortgage

will prevent the Fed from encouraging lower interest rates as it did in July and early August. Many say that short-term rates might rise in coming weeks as the high level money supply causes banks to bid more aggressively for the reserves they must keep on deposit at the Fed.

Short- and long-term interest rates increased Friday, although they fell slightly late in the day. Analysts said the late afternoon declines were due to a fall io the overnight rate for bank loans in the federal funds market, to 91/2

By late in the day, three-month Treasury bills were bid at 8.34 percent compared with 8.45 percent earlier in the day and 8.3 percent Thursday. Prices of longer term issues rose about 4 point in the late afternoon, with the 134-percent notes due in 1992 closing at 106, down %, to yield 12.65 percent. The 14-percent bonds due in 2011 were offered at 1124, down 14

Joseph Bench, a vice president Shearson/American Express, said that the funds rate might rise to 10½ percent or 11 percent by the end of this month because of the anticipated increases in the money supply. "There should be no overt Fed tightening," he said, because the Fed will wait to see if the increase in M-1 for the week ended Sept. 8 is reversed in follow-

points, to yield 12.33 percent.

Although there is widespread coocern that short-term rates will rise along with the money supply, analysts are oot convinced that the increases in rates or money will be long-lasting

Agee Bets All the Chips In Battle Against Gray

Washington Post Service
WASHINGTON — In the board game that William M. Agee plays, the chips are billion-dollar compa-

Mr. Agee, 44-year-old chairman of Bendix, triggered a wild tag-team merger battle last month with a surprise move to take over Martin Marietta, the aerospace and construction-materials company based in Bethesda, Maryland. And it looked for the first week as if Mr. Agee and Bendix could not

Now, after a week of sudden reversals, he is on the defensive in a two-front struggle against Martin Marietta and its 11th-hour ally, United Technologies of Hartford which are trying to take Bendix out of Mr. Agee's hands and split it up between them.

There will surely he more twists, but Mr. Agee's gamble was threat-ening to backfire disastrously. In Harry J. Gray chairman and chief executive of United Technologies. Mr. Agee faces a powerful adver-

A week ago, analysts were call-ing Mr. Agee a gemus for spring-ing the attempt to take over Martin Marietta. By offering to buy a controlling majority of its stock for \$43 a share (later raised to \$48), Bendix had made shareholders an irresistible offer for stock that was trading in the thirties. And even if the move were thwarted, Bendix would own millions of shares of Martin Marietta at bargain prices, analysts noted.

Analysts Fault Agee

Now, analysts are faulting Mr. Agee and Bendix for not building a better defense against the kind of counterattack Martin Marietta launched with United Technolo-

gies' help.
"Somebody didn't do their homework," Joseph S. Phillippi of Dean Witter Reynolds said last

"I think he stuck his neck oot." said another analyst, requesting anonymity. The stakes in this battle are

probably not intimidating Mr. Agee, who, soaring through the business ranks, has made his mark as a bold corporate mover-andshaker armed with apparently unshakable idealism and confi-

Even Mr. Phillippi did oot see Mr. Agee giving way to panic. "I



think he's acted with a pretty cool hand so far," he said.

And Mr. Agee, encountering a reporter in Bendix's New York

City office Friday, seemed to be breathing easily. "I only worry about the enhancement of shareholder values. When all is done, we'll make it," he said.

From the beginnings of his ca-reer, Mr. Agee has been involved in remolding companies to fit

management strategies.

After graduating "with distinction" from Harvard's business school, he joined Boise Cascade in his home town. Boise, Idaho, in 1963 and rose to chief financial officer in 1969. In the 1960s, Boise Cascade was one of the leading conglomerate wonders of Wall Street, branching from its base in the lumber industry into home building, recreational vehicles, enpineering, publishing and other

Move to Bendix

The recessioo in 1971 brought this structure crashing down, how-ever, as the company's stock col-lapsed from a high of 80 in the late 1960s to 10 in 1972.

Chastened, Boise Cascade's chairman, Robert V. Hansberger, returned the company to timber and building materials.

The experience, however, did oot deter Mr. Agee from further corporate remodeling. His financial and business skills attracted



William M. Agee

the attention of W. Michael Blumenthal, chairman of Bendix (and later, secretary of the Treasury in the Carter administration), who hired Mr. Agee as chief financial officer in 1972.

Mr. Blumenthal vaulted Mr. Agee over the ranks, making him Bendix's president in 1976. When Mr. Blumenthal left for Washington, Mr. Agee took command of Bendix at the age of 38,

Mr. Agee soon set to wheeling and dealing. His raid on Martin Marietta is being financed in part by a huge selloff of Bendix assets in 1980. The sale of the company's forest products operations pro-duced \$425 million, and was fol-lowed by the sale of Bendix's holdings in Asarco for \$336 million.

Then Mr. Agee turned around and spent \$256 million to repurchase four million shares of Bendix's own stock, thus beefing up Bendix's ability to swap its shares for another company's.

His goal, he said, was to hase

Bendix's future in high-technology ventures, saying the company must spread its research investments into uncharted areas of technolo-

Mr. Gray, 63, is no stranger to the business of huilding a high-tech company. United Technologies counts among its subsidiaries Pratt & Whitney, which produces jet engines; Mostek, which makes (Continued on Page 17, Col. 3)

UAW Eager to Regain Lost Ground As Chrysler Talks Deadline Nears

By Kathy Sawyer Washington Post Service

WASHINGTON — With a deadline of Tuesday midnight fast approaching contract oegoliations between Chrysler and the United Anto Workers face a possible logiam over benefit provisions, and unioo officials say a "confrontation" is possible.

Restive union members, after three years of wage and benefit concessions that saved the compa-oy an estimated \$1.7 billion, are pressing their leaders hard to catch back up with workers at Ford and General Motors, who carn at least \$2 an hour more.

But the company is determined to hold the line on its labor costs. If the workers want more money in their paychecks, Chrysler bargainers argue, they must take it out of items such as health or retirement

The company's speciacular and well-poblicized comehack has heightened workers' expectations.

By Peter Gumbel

BRUSSELS — Third World tex-tile exporters and West European consumer nations begin a crucial

round of oegotiations here Mon-

day that may affect the future of

munity, the largest market for Third World textiles, is seeking to

break a deadlock with its key sup-

pliers over new four-year import

on the amount of clothing it re-ceives have been attacked bitterly

by exporting nations as being in-transigent and protectionist.

Arrangement. The community has

threatened to quit the MFA if sat-isfactory trade levels are not set

Collapse of Agreement Diplomats said such a move

could herald the collapse of the whole international agreement which governs 80 percent of the

It would also damage relations

A first round of oegotiations which ended in July, produced new agreements between the com-

munity and 14 developing nations,

but officials in Brussels acknowl-

edge that the 14 were relatively mi-

between Western Europe and developing nations, they said.

world textile trade.

The talks are being beid under the guidelines of the Multi-Fiber

But its demands for strict limits

The 10-nation European Com-

the world trade in textiles.

Yet industry analysts say the com-pany cannot give much ground without jeopardizing its fragile re-

COVERY. 'Guerrilla Warfare' UAW President Douglas A. Fraser, who entered the oegotiations for the final, critical phase that began Thursday, has said re-

peatedly that he expects a new agreement can be reached before the contract expires. But he is surprised and worried, he has said, about the company's unexpectedly "hardnosed stance"

on issues such as health benefits and pension costs. If the company tries to stall, Mr. Fraser has vowed that the union will retaliate. Aware that a full strike would only cripple the company again, Mr. Fraser threatens to use "guerrilla warfare," striking various Chrysler plants for a day

Macao, all major suppliers, were among 12 other countries to break off talks after making little or no

This led the EC chief negotiator, Horst Kreazler, to issue a strong warning to those 12 nations that they faced unilateral action on im-

port levels if they did not accept

the community's terms.

The 12 replied with a scathing

attack at a meeting this month in Geneva, saying the community's

headway, diplomats said.

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Chrysler chairman Lee A. Iacocca expressed concern about the slow pace of bargaining. "We've

Brussels Textile Talks

Are Viewed as Crucial

got to get going," he said. "We'd like to get it settled by D-Day, Sept. 14."

The cootract covers about 83,000 Chrysler workers; 40,000 of them laid off. The U.S. govern-ment's Chrysler Loan Guarantee Board must approve any settle-

Among the union's demands are a pay increase and the restoration of cost-of-living protections that workers sacrificed earlier. The UAW has also proposed a two-tier cootract, with the wage arrange-ments effective for one year and a longer commitment on other is-

The key sticking point so far is the company's demand that work-ers share the rising cost of health benefits. If the company does not withdraw from that demand, Mr. Fraser said, "There will be a con-

Strike Threat in Canada John Holusha of The New York Times reported:

Negotiations are continuing be-tween the UAW and the Canadian subsidiaries of the three largest American car makers. The union represents about 130,000 workers at the Canadian subsidiaries. Unlike employees of GM and Ford in the United States, those in

Canada refused to renegotiate their contracts. The Canadian unioo leaders argue that the weaker Canadian dol-lar means labor costs there are no higher than those in the United States and that Canada's national heath insurance system frees the

companies from paying for health

The union has picked GM as the strike target and has said it will walk out if an agreement has not been reached when the old contract expires at midnight Tuesday. GM officials have threatened to shift work out of Canada unless the union agrees to concessions.

tough negotiating stance "showed utter contempt" for the Multi-Fiber Arrangement, the diplomats said.

CURRENCY RATES

Interbank exchange rates for Sept. 10, excluding bank service charges.

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	5	Z	D.M.	F,F.	lt.L.	Gidr.	R.P.	S.F.	D.K.
Amsterdam	27435	4,707	109.76	30,495	8,1942		5.702 *	128.45	30,635
Fremeis (a)	46.17	82.37	19,2125	6.7813	3.4085 •	17.525	_	72.52	5.375
Frankist	2.512	4.289	-	35.30 -	1.776 x	71.16*	5.203 •	117.60 *	28.04 *
London (b)	1,7153	-	4.2918	121483	2,409,04	4,6993	82.41	34438	15,3845
Milen	1.410.70	2.417.60	343.60	198.98		513.98	29.348	440.10	157.93
New York		1,7048	0.3982	0.1400	0.071 •	0.363	0.0206	8.4663	0.1114
Poris.	7.045	12,152	252.95		5.835 x	250.07	14,754	332.10 *	79.26*
Zurich	2.132	3.4672	85.44 *	30.165	0.1574	77.835 °	4407		23,925 •
1 ECU	0.9395	0.5483	2.3534	6,6601	1,325.39	2.5803	45.1712	2.0082	L7873
1 SDR	1,07984	0.62784	2.70274	7,45081	1,525,41	29426	51,9197	2.3073	7,6054
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Financial Highlights

(in millions of Flux)	March 31, 1982	March 31, 1981	in %
Balance sheet total	149,454	112,684	+32.6
Loans	46,585	43,789	+ 6.4
Securities	12,166	7,663	+58.7
Customer deposits	89,738	58,878	+52.4
Bank deposits	41,144	39,898	+ 3.1
Capital, borrowed capital reserves and provisions	7, 061	5,394	+30.9
Net profit	368	307	+19.8
W. C. W. M. J. F. C.			

after distribution of profit

Kredietbank S.A. Luxembourgeoise is very active in the international money and capital markets, including Euro-credits, Euro-bonds and their financial servicing, deposits and trust services.

Kredietbank S.A. Luxembourgeoise, associated with Kredietbank N.V., has representative offices in South Africa, Australia, Brazil, Spain, Hong Kong, Mexico, the United Kingdom and Venezuela.

Kredietbank S.A. Luxembourgeoise has two subsidiaries: KB Luxembourg (Asia) Ltd. in Hong Kong and Kredietbank (Suisse) S.A. in Geneva.

The annual report is available in English, French or German on request addressed directly to our principal office.



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An itemized balance sheet and profit and loss account have been published in the "Mémorial-Recueil Spécial des Sociétés et Associations" of the Grand Duchy of Luxembourg.

YOU to !

Bankers See Problems In Interbank Market

(Continued from Page 1)

countries have been reducing both the size of their deposits and bor-rowing more from the banks. At the same time, the billions of

dollars deposited by individuals and institutions when short-term interest rates were high and rising is moving out of the banks now that short-term rates are declining. The shift is being accelerated as depositors seek not only to lock in

SYNDICATED LOANS

high coupon bonds but also to reduce their exposure to banks as womes about the banking system

This is especially evident in the bond market, where bank-issued paper has been under severe pres-sure all week as investors sold those issues to buy corporate debt. t was also evident in the market for certificates of deposit.

Widening Spread Historically, interest paid on CDs has run from % to 1% per-

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centage points over comparable-maturity U.S. Treasury bills. But the difference now is about 2% points between six-month bills and ox month CDs in New York. Interest on EuroCDs is about half a point-over New York CDs. The widening spread between CDs and T-bills is yet another reflection of the termished image of banks and a measure of how eager investors are to move into what is perceived to be quality paper.

In normal conditions, banks borrow from one another at the London interbank offered rate. The only exception is for the dozen or so biggest banks of the world that flush with cash and using their standing to make a profit, deign to accept deposits below Li-

This list of top-class banks has been shrinking as, first, the French fell out, following the Socialists' coming to power and the worsening economic conditions in France, and then the West Germans - ex-

Auditors Settle In Suit by NSM

New York Times Service NEW YORK - Peat, Marwick, Mitchell & Co. has agreed to pay nearly \$6.4 million to the former shareholders of National Student Marketing, settling the last major portion of a 12-year-old class ac-tion against the former marketing company and its auditors and legal counsel. The company's high-fly-ing stock collapsed amid disclo-

sures of securities fraud in 1970. The lawsoit, on behalf of all those who owned NSM stock between April 1968 and February as scheduled for trial this fall in Federal District Court in Washington. All the major defendants have now settled out of court.

cept for Deutsche Bank, which is rarely seen in the market — lost their allure as a result of their heavy portfolio of loans to Eastern Europe and a generally poor carnings performance. Recently, three U.S. banks left the magic circle after reporting large domestic loan losses or very large exposure to

For the smaller banks, tiering causes problems because the bun-dreds of billions of dollars of Eurologns syndicated among banks bear interest at a fixed margio over Libor. Over the past few years, these margins have been razor-thin. Banks that rely on the inter-bank pool to fund their loan participations and that now pay a premium over Libor to get money risk losing any profit from participating in low-margin loans.

lo addition to the premium some hanks are now paying for de-posits, the amount of money is not always available for the duration sought, bankers report, forcing some banks to borrow one-month money instead of six-month funds and thus mismatching maturities on money borrowed and money

Mismatched Funds

This is not fatal as the rate on one-month money currently is a comfortable 1½ points below the six-month rate — by far the widest use base rate for syndicated loans. But that can easily turn against the bank. As recently as last April the situation was reversed and over the past two years there have been long periods when rates were ioverted and one-month money was more expensive than longer-term funds. A return to that situation would cause banks with mismatched interest positions to lose money on their loan port-

Bankers believe that the current steep yield curve is itself a reflection of the market's nervousness. Normally, the curve would indicate that interest rates are expected to be rising three or six months hence. "The steepness of the yield curve can be attributed to credit considerations, liquidity prob-lems," said a leading dealer in the deposit market. "Lenders prefer to remain liquid — keeping short-term rates low — while borrowers look for scarce six-month money,

pushing rates up,"

More vexing is the potential liquidity problem. A London-based American banker said that the list of banks to which his institution is willing to lend is becoming shorter and the amounts available are

"The interbank market is only liquid when everything is all right," said the banker. "When the time comes that all the big boys in the interbank market have no natural excess liquidity but oeed the money themselves, obviously there is nothing for the banks who live come a little rocky."

How the Three Companies Compare Bendix Martin Marietta United Technologies **Total Assets** Net income (in billions of dollars) (in millions of dollars) (in billions of dollars)

Agee Wagering It All

Mr. Gray, whose hand has guided United Technologies for about a decade, has kept as his paramount desire the building of a group that supplies products that

By Jeff Gerth

New York Times Service WASHINGTON — The decision of the Office of Management

He joined United Technologies in 1971, became chief executive officer a year later, and was elected chairman in 1974.

Before coming to United Technologies, Mr. Gray was senior ex-ecutive vice president of Litton Industries. He was in charge of the marine group, industrial systems and machine tools.

United Technologies and Martin Marietta. "There's an awful lot of naivete associated with some of the moves that have been made,

imbalance in the oil market." He said industrialized countries

Reuters
KUWAIT — The Emir of Kuwait criticized some other OPEC countries Sunday for creating a world oil crisis by breaking the exporter group's production and pricing agreements. Sheikh Jaber al-Ahmed al-Sa-

bah, whose country has been hit badly by a slump in world oil de-mand, also blamed what he called an unexpected drop in consumption in industrialized countries for the oil glut.

Kuwaiti newspapers quoted the Ruwarti newspapers quoted the emir as saying that the drop in OPEC revenue meant some development projects in Mideast oil states would be scrapped.

Production in the 13-member Organization of Petroleum Exporting Countries has sluped to less than 17 million burseless day from

than 17 million barrels a day from a peak of more than 31 million in 1979, as recession in the industrial-ized nations and a switch to alternative forms of energy have cut de-

Undercutting Prices

Oil ministers agreed on production quotas earlier this year to defend prices against the glut, but industry sources have said a number of countries are exceeding their assigned levels while others, including Iran and Libya, are undercut-ting official OPEC prices to boost

Sheikh Jaber, in a rare public rebuke to fellow members by an OPEC head of state, said some countries "did not observe production levels or price differentials,

toward financial deregulation is

placing more emphasis on the role

of information as a discipline in

lowered prices, which created an

had "lowered their consumption of oil in a way we had not expected. which created an oil surplus in the world market and a decline in the

income of oil exporting countries." Oil experts said Kuwait's pro-duction had fallers below 800,000 barrels a day from an official target last year of 1.25 million barrels a day. The country is facing a budget deficit in the current fiscal

Some Increase Seen

Sheikh Jaber said world oil demand might increase in the future, but not to the extent some imag-

He added that decreased OPEC revenue would have an impact on development in Kuwait and other countries in the area, "Some countries have already scrapped some projects," he said. Sheikh Jaber said that Kuwait.

which has sharply raised local gas-oline prices to curb soaring demand, was also considering raising

its electricity rates.

Meanwhile, Mana Said al-Oteiba the United Arab Emirates oil minister, has urged OPEC to freeze its base price until the end of 1985 to revive what be called dangerously low demand, the Mid-dle East Economic Survey said in its latest issue.

The journal, based in Nicosia. quoted Mr. al-Oteiba as telling a recent energy seminar in England that the \$34-a-barrel benchmark price should not, however, be re-

Many of the proposals call for banks to disclose more oegative in-

formation. For example, the plan

approved by the budget office this

week would require details about

past-due and renegotiated loans, and information about risky areas, such as foreign exchange commit-

Meanwhile, the House Banking, Finance and Urban Affairs Com-

mittee, which has been investigat-

ing the collapse of the Penn Square

Bank of Oklahoma City, has raised

the possibility of bank disclosure

of disciplinary actions taken by regulators. In 1978, the committee's

chairman, Fernand J. St Germain,

Democrat of Rhode Island, tried

unsuccessfully to persuade Con-

gress to approve legislation requir-

ing banks to disclose cease-and-de-

Emir Assails Breaking of OPEC Limits duced because of the risk it would zouk. It did not say how long the ban would last.

spark a price-cutting war. The fall in share prices, largely At talks last November in Geneattributed to fears about the conva. OPEC oil ministers froze the tinuing war between Iran and Iraq. benchmark price until the end of this year. Ahmed Zaki Yamani, the has resulted in many investors being unable to honor post-dated Saudi oil minister, has advocated

an extension of the freeze through

Mr. al-Oteiba said that OPEC

was operating at minimum capaci-

ty. The only solution is to stimu-

late demand, and the best way to

do that is to continue the price freeze for another two or three

of OPEC's Market Monitoring Committee, also said he favored

bpd output ceiling, to defend prices until demand picked up. At that

time, he said, production could be

■ Kuwait Halts Futures Dealings

halted all futures dealings on the

country's stock market in an at-

tempt to ease the severe crisis

sparked by plunging share prices.

Reuters reported.
The official Kuwait News Agen-

cy said the decision to ban futures

dealings, in which post-dated checks are used for payments, was

taken by a committee led by Com-

merce Minister Jassem al-Mar-

Kuwait on Sunday temporarily

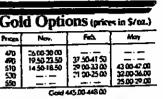
Mr. al-Oteiba, who is chairman

coping the group's 17.5-million-

the end of 1983.

time when prices were much high-Checks with an estimated face value of four billion dinars (about \$14 billion) will mature in the next few months.

checks, most of them written at a



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DOLLAR COMMODITY TRUST Prices on September 7, 1982 U.S. \$31.38 Bids; U.S. \$33.26 Offer. Next dealing dote September 21, 1982 N.M. ROTHSCHILD P.O. Box 58, Guernsey C.L. Tel.: Querrescy 26741. Thr.: 4191673.

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Chief Registral of the District Court of Lovembourg where such discuments are available for inspection and where copies thereof can be obtained upon request Daity prices are published in this newspaper under "International Funds!"

In Quest for Marietta

microchips; Hamilton Standard, a diversified supplier of electronic equipment; Norden Systems, which specializes in electronic de-fense equipment; and a number of companies that the group lumps together as its "building systems sector"—Carrier, which makes air conditioning systems, and Otis El-

are resistant to price wars and fit together into packages.

Last week, some analysts said Mr. Agee had failed to anticipate the ferocity be would encounter from the "old guard" leadership of

U.S. Agency Reverses Self, Backs More Bank Disclosure

much more disclosure of bank fi- funds. Furthermore, the trend

and Budget has decided to accept. banks: Public confidence appears the marketplace - in other words. after initially disapproving, plans low and financial managers are by federal regulators to require more careful where they place higher-quality banks will find it easier to attract depositors.

The disclosure effort comes at a

sensitive time for the nation's

(Continued from Page 15) market, and the remainder divided in eight currencies of which the OM component — some 900 mil-tion DM — is the largest.

International organizations such as the World Bank have been prompting bankers to belp open long-term capital markets to Third World borrowers, But bankers now believe that such access is closed for the foresceable future as a result of the spreading financial woes in those countries.

South Africa, which has always paid a hefty premium to borrow, is currently in the market for 50 million DM, but the Johannesburg issuc, small as it is, has not been well-received despite the coupon of 10 percent and discounted offering

New Zealand, by contrast, had no trouble selling its seven-year ing from the scarcity value of U.S. the first 18 months into the fixed-

corporate issuers in marks. The terms were sharply below the 8% percent Electricité de France paid last week for 10-year money and the 8% percent the Austrian Kontrollbank paid for seven-year funds, Those issues ended last week at a slight discount of 99% after being offered at par.

European investors looking for a higher return than offered on DM bonds but for some of the safety of Europe's potentially strongest currency, were buying Gaz de France's paper denominated in European currency units — the DM accounts for 35 percent — on which a coupon of 13 percent is offered.

The issue is the largest yet in ECU and the first-ever floatingrate oote. Half the issue is in seven-year, fixed-rate paper sold at a discount of 99 to yield 1314 percent off the interbank market. Where no trouble selling its seven-year discount of 99 to yield 1314 percent should it come from? No one ootes bearing a coupon of 814 per- and half in seven-year floating-rate

Eurobond Investors Dumping Bank Paper interest at a quarter-point over the three-month ECU interbank offered rate. The fixed-rate paper was traded on a when-issued basis

The Council of Europe's just-completed 1314-percent ECU issue was priced at a premium of 1004, reducing the yield on the 10-year paper to 13.36 percent.

Gaz de France is also tapping the Norwegian krone market, the first non-Nordic or supranational entity to tap the fledgling sector of the Euromarket. Bankers were hoping GDF's appearance means a more open entry for borrowers, but government officials were insisting that oo such conclusioo should be drawn.

sist actions brought by regulators.

natural to leadership in large-scale financing.

markets, ability to assemble superior

partners, and credit analysis capabilities

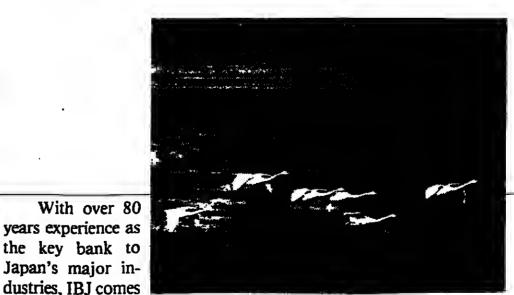
have been honed to a fine professional edge.

Our knowledge of international

At a bearing last month, Representative St Germain made the case for more bank disclosure this way: "This whole secrecy bit is banal, idiotic and ridiculous." Most banks are opposed to

more disclosure, especially when it involves providing data for the public, according to comments on file with federal regulators.

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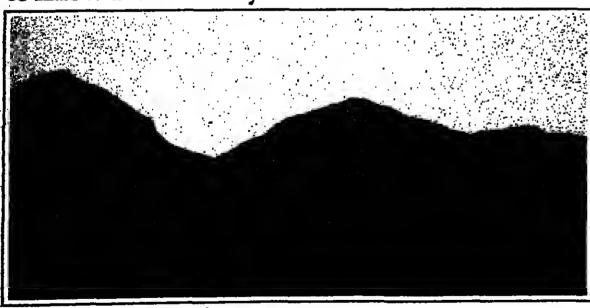
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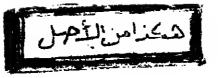
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INTERNATIONAL HERALD TRIBUNE, MONDAY, SEPTEMBER 13, 1982 Morris Victor as Tiger Homers Down Red Sox Over-the-Counter d from Page 18) 316 7% 16 37 16 27 drove in three runs with a home run, a sacrifice fly and an eighth-inning single to lift Milwankee past the Yankees, 5-3. Mike Caldwell (15-11) scattered nine pitching of Bobby Castillo as Min-nesota blanked the Royals, 5-0. Larry Gura (17-10) had retired 16 Twins in a row when Ron Wash-ington led off the seventh with a hit his 35th of the year with a man abound to power the Braves to an Compiled by Our Staff From Dispatches BOSTON — Lou Whitaker, John 8-2 victory over Cincinnati. Wockenfuss and Chet Lemon hit Mets 2, Cardinals I bases-empty home runs to make lack Morris a winner for the first In St. Louis, Craig Swan and Jesse Orosco combined on a three-hitter and Dave Kingman hit the grounder to third baseman George hits in going the distance. time ever at Fenway Park as the Detroit Tigers downed the Boston Red Sox, 6-4, here Friday night. Morris (16-14) had lost all five pre-Brett. Brett's throw was high for Mariners 5, Rangers 2 an error; Gura promptly issued his first inside-the-park home run of his career as New York squeaked In Arlington, Texas, Dave Henderson batted in four runs with a first walk, to Tom Brunansky. The runners were moving when Ward punched a grounder between first and second. But rookie right fieldvious décisions here. past the Cardinals, 2-1. three-run homer and a sacrifice Carl Yastrzemski accounted for Dodgers 3, Astros 2 and Gaylord Perry combined with In Houston, pitcher Burt Hoo-ton hit a bases-empty homer and er Steve Hammond, who appeared not to see the ball, slowly jogged toward the infield as if to back up FRIDAY BASEBALL Ed VandeBerg on a six-hitter to lead Seattle over Texas, 5-2. Henderson hit his 13th home run of the season off Frank Tanana (6-17) in all four Red Sox runs with a run-Los Angeles scratched out two 1500 A 1700 A 17 other runs off Nolan Ryan to de-feat the Astros. 3-2. Ryan (14-11) gave up six hits, struck out nine and walked eight in pitching his a play as Ward circled the bases for a 3-0 lead. The homer was scoring single in the sixth inning and a three-run homer in the eighth, Yastrzemski's fourth-in-Ward's 25th of the season. ning single made him the eighth player in major league history to reach 3,300 hits.

Whitaker led off the game with his 14th home run of the season, and Wockenfuss added his homer an iming later. The Tigers extended the lead to 3-0 in the fourth on consequent we doublet by Mile I are Orioles 3, Indians 2 Angels 6, Blue Jays 2 10th complete game of the year. In Cleveland, Eddie Murray's In Anahem, California, pinch hitter Fred Lynn's bases-loaded Giants 5, Padres 1 28th home run of the year, a two-out shot in the 13th, gave Balti-In San Diego, Joe Morgan hit his 12th home run of 1982 and Fred Breining pitched a six-hitter double with two outs in the eighth capped a five-run rally that carried more and Sammy Stewart a 3-2 de-cision over the Indians. The Ori-oles had ended a Cleveland pitch-California past Toronto, 6-2. Geoff Zahn (16-7) scattered eight as San Francisco won for the seventh time in eight outings. 5-1, over the Padres. Breining, who moved into the starting rotation ing scoreless streak at 27 innings with two runs in the seventh, rying the score at 2-2 Murray singled to consecutive doubles by Mike Laga hits in going the distance for the 11th time this year. and Alan Trammell. Lemon hit his 13th home run into the left-field the score at 2-2. Murray singled to right leading off the inning. John Lowenstein doubled Murray to third and Cal Ripken was hit by a pitch. Murray scored on Jim Dwyer's sacrifice fly and, after Ripken was out stealing, Rick Dempsey singled in Lowenstein. White Sox 9, A's 3 July 28 after compiling a 6-3 record in 35 relief appearances, went the distance for the second screen in the sixth. In Oakland, California, Steve Middle Total
Middl Detroit chased Dennis Eckersley Kemp drove in four runs with his 15th and 16th home runs of the season and Harold Baines and (12-11) with two runs in the seventh. Trammell doubled for the time in five starts and raised his record to 9-4. third time and scored on a single Carlton Fisk each added two-run by Whitaker. Glenn Wilson sin-gled Whitaker to third. After an in-tentional walk to Lance Parrish, bomers to power Chicago past the A's, 9-3. Dennis Lamp, Jim Kern and Sparky Lyle combined on a five-hitter. Major League Twins 5, Royals 0 emon hit a fielder's choice, scorng Whitaker.

Brewers 5, Yankees 3

In New York, Charlie Moore

In New York, Charlie Moore **Standings** ing Whitaker. Expos 7, Cubs 2 In the National League, in Chi-cago, Al Oliver went 4-for-5 and Warren Cromartie hit a two-run FCL 544 540 539 532 430 396 home run to help Steve Rogers and Montreal down the Cubs, 7-2. Rogers (17-7) equaled his career high for victories. **Transactions** back, Piacad Rebert Show, center, on the initured reserve list.

N.Y. GIANTS—Phaced Joe McLoughtin, line-backer; Rich Baldinger, offensive tockle; Mark Reed, quarterback, and Bill Neill; detensive lockle, on the inactive list.

WASHINGTON—Re-standed Gorry Puetz, oftensive lineroon, Cut Merivin Jones, guard, selective, and slocust Fredet Anderson on Initured reserve, and slocust Fredet Anderson on Initured reserve, thatted Stoles Feathert Leepue

PHILADELPHIA—Spaned Brian Brannell, quarterback; Mark McConth, defeative back; Serve Contor, linebacker; Grea McCouley, light send; and Horner Jones, counter back. back, Placed Robert Show, center, on the Injured BASEBALL American Las CLEVELAND-Purch Riseley 28
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RiselSv Phillies 7, Pirates 5 Pittsburgh, Bill Robinson drove in three runs with a single and a two-run double and Mike Schmidt added two RBIs to pace Hetional Laugue to Altenia for Cerios Dioz, pitcher; reculied Scatt Holmon, Walt Terrell, Tom Gormon and Terry Leoch, pitchers; surchased the controot of Rusty Tillunas, outfielder, from Tidewater of Philadelphia's 7-5 victory over the Pirates. The winners' Pete Rose be-AMERICAN LEAGUE came the major leagues' all-time leader in games played by partici-pating in his 3,077th. 992 571 557 514 511 482 458 BASKETBALL Notional Sustantial Association BOSTON—Traded Dave Cavens, center, to Milwaukee for point guard Quinn Suckner, Braves 8, Reds 2 rom Edmoston.

ADNT REAL—Stoned Morte Tremblov, right wine. Troded Brico Engblem and Rod Lospwoy, sefensemen: Dous Jarvis, center, and Crole Loughlin, right wing, to Washington for Ryon In Atlanta, Rafael Ramirez hit a NEW YORK-SI three-run homer and Dale Murphy SBT SIJE SciSv \$EICs SPETCD 1 SHEARS Selectd 1.12 Selectd 2.20 Selectd 2.20 Selectd 4.5% StitetGd 5.5% StitetGd 5. POOTBALL
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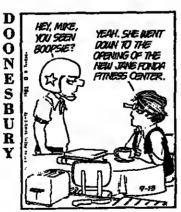










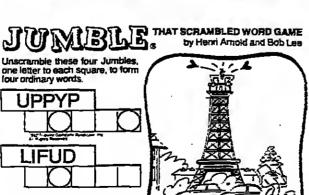






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BOOKS

CAMUS

By Patrick McCarthy. 359 pp. \$17.95. Random House, 201 East 50th St., New York, N.Y. 10022.

Reviewed by Anatole Broyard

THOUGH Patrick McCarthy's "Camus" may well be the defini tive biography of him. Camus appears in it to be anything but a definite

He was not, according to McCar-thy, "the universal philosopher-moralist he tried to be." Most of his plays are "suicidal cries of defiance where the characters are wooden and death itself is monotonous."

death itself is monotonous."

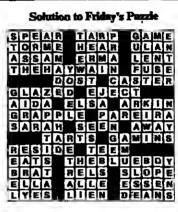
His newspaper editorials are "insufferably self-tighteous" and filled with "sonorous antitheses," "rhetorical excesses" and "abuse of superlatives." The crucial scene in "L'Etranger," the murder of the Arab, is unconvincing and "not a good piece of fiction." His early books are sentimental and bombastic.

mental and bombastic.

Though he seemed to have been a charismatic figure, Camus was neither a man of action nor a hero of the Re-sistance, which he joined only six months before the liberation of Paris. Jean-Paul Sartre admired Camus only "because he was good-looking, be-cause he could dance and because he could seduce."

Indeed, on the evidence of McCarthy's "Camus," seducing was what he did best. While his wife and children waited for him at home, Camus carwaiten for initial at notice, Canines car-ried on casual seductions, as well as maintaining an official affair with his mistress Maria Casares. He also boasted of his seductions and kept an "explicit" diary in which he described and analyzed them.

Camus didn't find himself as a writer until "L'Etranger," yet the first half of McCarthy's book is largely taken up with tortuous and not very interesting paraphrases and analyses of the early books. Perhaps this is the sort of thankless job that the biographer cannot avoid.



About the only unequivocally fa-vorable thing we learn about Camus was that he was deeply attached to his mother, who is described as silent, illi-

terate and partly deaf.
Some of McCarthy's comments on Camus' books are, at best, puzzling:
"When life is revealed in all its transparency, nothing is important any longer. Transparency means the way in which the concrete world dissolves into near-emptiness."

"Lucidity becomes a destructive force which undermines the artist's imaginative conquest." Whatever this sentence may mean, it does seem to have been taken seriously by many French writers.

Of the pivotal scene in "L'Etranger," McCarthy has this to say: "Meursault's death is a sacrament where he is to be sacrificed to the sun. If he is to reach the coolness and avoid dying, then he has to dispatch the Arab," who is seen as de-

fending "the refuge of the river."
When one reads that "Sartre rejected the validity of inner life and was convinced that consciousness empty," it is hard to know what to do with such a statement. The same is true of the biographer's observation that Camus' technical achievement was helping to teach other novelists that "characters should not be rounded, that language is only occasionally accurate and that the work of art should contain its own explicit nega-

Perhaps Sartre summed up best the peculiar nature of Camus deffication when he asked, "Tell me, Camus, what is the mystery that prevents people from discussing your books with-out robbing mankind of its reasons to

According to Simone de Beauvoir, who was admittedly biased, there were two persons named Camus: One who was cynical, funny, coarse and

good company, and another who was an irresolute and simplistic moralist. The great question about Camus, which remains unanswered here, is how, with all these flaws, did he capture the imagination of his time to a degree that few other writers have?

Though he is not a graceful writer, McCarthy wrestles manfully with French politics and literary fashions, with the Algerian question, and with the dubious figure of Camus. If this is damning him with faint praise, it is no more than he does to his subject.

Anatole Broyard is on the staff of The New York Times.

BRIDGE

By Alan Truscott

TN the area of opening leads, tradi-I tional players and modernists have quite distinct styles. It used to be normal to lead the top card from three small, and the fourth-best from fourcard suits. But nowadays most experts lead third-best from three- or fourcard holdings. Each method has ad-

vantages and disadvantages.

Consider for example the diagramed deal. South has bid by a natural route to five clubs, and looking at all four hands it is easy to see that the defense can take three spade tricks. But the cashing process is distinctly harder at the table.

In both styles, the opening lead is the three of spades and East wins with the king. If West is a modernist, East will know that the declarer has exactly three spades, but he will not know whether they include the queen. He should continue with the king and watch the spots carefully. Then hemust decide whether to play a third spade or to attempt to eash the heart

West's proper sequence of plays af-ter leading small from three small is high before middle. So if the seven or high before middle. So it the seven or six is still missing. East can work out that his partner has the queen. How-ever, South can muddly the waters by preserving the four. In any event, East should play the third spade, for if South has the spade queen and a sin-gleton heart, he will have no way to avoid the heart loser. avoid the beart loser.

But if West is a traditionalist, East has quite a different problem. He can be sure that his partner has the spade queen, but he does not know the

length. If South has two spades and one heart, the heart ace must be cashed before a third round of spades is played: The danger is that dummy's hearts will all be discarded on diamonds.

There is a neat solution. At the second trick, East should return the spade deuce, the original fourth-best. When West wins with the queen, he can work out what to do.

East's play has clearly indicated four spades, so West will persevere with the suit if he began with three. But if West started with Q-x-x-x, be will know that the next spade lead will be ruffed and he will lead a heart, trying to score his partner's hypothetical ace while the going is good.

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"HOW LONG BEFORE THEY START DOIN" UNTO ME

SPORTS

I think about history more and more because I know time is running out."

Evert Beats Mandlikova, 6-3, 6-1, for Open Crown

New York Times Service Indeed, her concentration dur-NEW YORK - Throughout the ing Saturday's 64-minute match two weeks of the U.S. Open tennis was so strong that she had probchampionships, Chris Evert Lloyd had spoken of motivation, of how tough it was to maintain it year aflems recalling details. "I was in a trance out there, I wanted to win so badly," she said.

By Roy S. Johnson

Victory No. 66

The victory gave Evert a record 66th career victory in singles play at the open. She surpassed Molla

B. Mallory, who won 65 matches

and a record eight titles over a stretch of 15 years (1915-1929).

Evert's ledger now reads 66-6 over

Only Mallory and Helen Wills Moody, who has seven U.S. titles,

have won more national cham-

Some would say Evert's victory

was tainted by the absences of

Martina Navratilova, the dominat-

ing women in tennis this year, and defending champion Tracy Austin;

both were eliminated in earlier

But this was a crown Evert

seemed as determined as ever to

went out, people have been saying that I should win easily," Evert

pionships than she.

said after the final.

ter year. Instead, she said, she had Her determination was evident set certain goals, And Saturday, afafter she won the first set. She held ter she had achieved another of her serve in the first game of the those aims by defeating Hann second, then won five of the next Mandlikova in a one-sided women's final, she said, "I may have

"I was hitting the ball better in the second set." Evert said. "She's my place in history now." Evert beat Mandlikova, 6-3, 6-1. tough to play because she's so un-predictable. With Andrea Jacger and Tracy I could get into a groove It was her sixth national title in 13 appearances and her first major title since winning the 1981 Wimwith my strokes. bledon crown.

"But even after the fifth game today, I didn't feel like I had warmed up." Jaeger, whom Evert easily defeated in the semifinals, is, like Austin, a steady baseline play-

Serving in the second set's seventh game, Evert gained match point when Mandlikova netted a backhand after a long rally. Evert then missed a volley to bring the game to deuce. But after slicing a volley cross-court for a winner, she watched her opponent's backhand service return sail well past the baseline.

For the 20-year-old Mandlikova, who battled back from back injuries that kept her out of tournament play during the first two months of 1982, the loss was not a

bitter one. "I am happy," she said. "This

year was not a good one for me. I know I can do better." capture. Ever since Tracy and Martina Evert, 27, addressed herself to questions about ber eventual retirement. "I know my time is limit-"But I think if determination ed on the pro circuit," she said, "It

I think about history more and more because I know time is run-

ning out." Each player had used ber respec-tive strengths to keep the other off balance in the first set.

Mandlikova, telying on strong serves and a diversity of speeds on her strokes, held her service in the

points.

But Evert was just as dominating trying Mandikova's patience and forcing her into frustrating mistakes. Mandlikova didn't win a point in Evert's first service game. But she had a break point in the set's fourth game before hitting a forehand into the net. Evert then

were any factor, I still would have gets tougher, mentally. Every year first, third and fifth games — in slashed a devastating cross-court chips away a little bit more of me. which Evert won a total of two for the advantage and won the same when Mandlikova netted a backhand service return.

In the seventh game, with the set tied at 3-3 and Mandlikova serving. Evert won the first three points, the last when Mandilkovn

And when her opponent at-

tacked the net two points later.

sent a half-volley into the net.

for the break. After holding servefor a 5-3 lead. Evert briefly shifted styles by attacking the net to make it break point, 30-40.

Mandlikova missed a forehand volley on the next point to lose the

It was the 14th meeting between the two. Evert having won 11 times

Lendl Jolts McEnroe, Meets Connors in Final

By Neil Amdur New York Times Service

NEW YORK -- Ivan Lendl ended John McEnroe's three-year dominance in the U.S. Open Saturday and joined Jimmy Connors in Sunday's men's final.

The Czechoslovak's 6-4, 6-4, 7-6 victory extended his string of grand prix triumphs over MeEnroe to six in the past 18 months. During that time, McEnroe has won only one of their 17 sets.

Connors registered a 6-1, 3-6, 6-2, 6-3 semifinal decision over Guillermo Vilas. Courtside hand signals from his coach, lon Tiriac, could not help the Argentinian crack Connors.

Connors, seeded second, holds

an 8-1 career edge over third-seeded Lendl, but many of his victories came before Lendl became an established force on the circuit. In their most recent meeting last month on a hard surface in the semifinals of the Association of Tennis Professionals championships, Lendl was hot and Connors was not, and the result was a 6-1. 6-1 rout

In reaching his second grand slam final (he lost to Björn Borg in the 1981 French Open), Lendi powered through a demanding draw, Before McEnroe, he defeated Ramesb Krishnan, Tim Mayotte in five sets, Harold Solomon, Mats Wilander (6-2, 6-2, 6-2) and Kim Warwick

MeEnroe was frustrated throughout Saturday's 2-hour-39minute match. Just as McEnroe emerged with a serve-and-volley game to dominate Borg — after Borg's top-spin style had con-trolled Connors — Lendl has developed the strokes and power that McEnroe said "gets me disorgan-

"He forces me to do things differently," MeEnroe said of Lendl's improving serves and returns, which have dictated the tempo of their recent matches, "That's the mark of a great player." MeEnroe did not belp himself

by moping between points, repeat-edly questioning close calls and banging his racquet on the ground. He did not serve well, managing only 49 percent of first serves. Forced to attack off his second serve, he ran into paced, angled re-

turns that nullified any force or The Connors-Vilas match was depth in his first volley.

There were only two service breaks in the match. McEnroe volleyed away the fifth game of the first set, and Lendt opened the sec-

and set with a break. Lendl faced 0-30 while serving at 5-4 in the second set and break points in the second and fourth games of the third set — hut never lost serve.

Assessments "He's improved his serve." McEnroe said. "It's harder for me to attack it than it was before."

His inability to handle the serve involved more than power or stroke production. Unlike Connors, who uses his returns as an offensive weapon, MeEnroe prefers to block, push or guide his returns and play his way into the

But many of the returns landed short, around the center-service line, allowing Lendl to move in for deep forehand cross-court ap-proaches that left McEnroe little or no room to pass. The difference between now

and when I would lose badly to him is the return of serve from both ways," said Lendl, who raised his record for the year to 86 victories in 93 matches. This is his 19th tournament; he has won 11 and finished as runner-up in five.

Throughout Saturday's match, Connors was aware that many tacties of the fourth-seeded Vilas appeared to follow directives from Tiriac, a former Romanian Davis Cup player known for his strategic skills.

Hand signals are not illegal. You can coach with your hands, but not verbally," said Mike Blanchard, the referee. Tiriac's signals varied from a

flick of an index finger to rubbing a knee. But because Vilas sometimes stood so close to him, Tiriac could be seen mouthing instructions. Watching Tiriac watch Vilas was a sideshow, and Connors left no doubt about his displeasure.

"That's a bunch of bull." he said afterward. "As long as he's only giving signals, you can't do anything. If he starts talking, that's something else. But he's a hig enough boy now. He should be able to do it by himself."

engrossing in several ways. Vilas had won their only two meetings earlier this year, both indoors, and had been among the few players with a career edge (5-4) on Con-

had broken serve at 30 in the fourth and sixth games of the opener. Vilas found a working formula by mixing looping top-spin forehands across court and sliced backhands down the line; as a result, Connors could never get a groove on his forehand. Because Vilas applied so much top spin on his forehand, the ball

bounced higher on the DecoTurf surface. Thus, Connors was hitting his forehand with the racquet head unusually high, driving down on the ball. Vilas's backhand slice produced the opposite effect, the ball spinning low and forcing Connors to underspin shots.

Serving at 1-2, 40-15 in the sec-ond set, Connors suddenly struck a bad patch. Forehands went wide or intn the net. Vilas drove a backhand winner down the line at deuce and broke for the first time on another netted forehand.

It was the only break of the set, but statistics told the story: After committing only seven unforced forehand errors in the opening set, Connors made 13 in the second. "The ball was jumping at me hard and high," he said later. "It took me a little while to figure out

how to handle it."

The third set became a drama within a drama - Connors trying to solve the forehand riddle, Vilas glancing at Tiriac and Tiriac sending hand signals.

Serving at 1-all, Connors saved one break point at 30-40 when Vilas drove a top-spin forchand long. Connors saved another break point and won the game. After Vilas had held, Connors held again for 3-2. On the changeover, Tiriac gestured to Vilas with his right hand, as if to suggest more looping

top spin.
Vilas, not Connors, lost control. Instead of going for a winning shot on the second or third hit in several rallies, Connors patiently played for angle and position, waited for the short ball and then attacked or gunned for the placement.



Jimmy Connors A charged-up four-set winner.

His points came in bunches, while Tiriac's gum-chewing intensified. Vilas served a game-ending double fault in the sixth game, and Connors led, 4-2.

By the eighth game, Connors was at full throttle, sweeping 16 of the last 18 points in the set. A running backhand cross-court winner from behind the baseline and a stinging forehand service return' brought him to set point. Vilas then double-faulted to end the set.

The fourth set found Vilas in repeated trouble. He held from 15-40, in the second and sixth games, but then Connors attacked, breaking at 30 for 5-3 and serving out the

Bengals Down Oilers, 27-6, in Season Opener veteran also ran 2 yards for a

CINCINNATI — Quarterback Ken Anderson, last season's American Conference player of the year, passed for 354 yards, threw two scoring passes and ran for another touchdown Sunday to lead confer-

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NFL ROUNDUP

ence champion Cincinnati to a 27-6 romp over the Houston Oilers in the National Football League season opener for both clubs. Anderson, who completed 29 of

40 passes, completed TD strikes of 18 yards to Dan Ross and 7 yards to a 21-7 victory over New Orto Charles Alexander. The 12-year leans. Ken Stabler started at quart-

Compiled by Our Staff From Dispatches

upset of Oklahoma here Saturday.

321 yards; his final scoring pass

was a game-winner to wide receiv-

er Wayne Brown midway through

the final period. The winners' final

COLLEGE FOOTBALL

points came on a 43-yard draw that sent tailback Curlin Beck into the end zone with 2:14 remaining.

Oklahoma scored on its first two

lense stiffened in the second quar-

ter, however, and Hostetler's aim

improved to give West Virginia a

backfields ever, Oklahoma re-

gained the lead on its first third-

quarter possession when quarter-back Kelly Phelps scored his sec-

ond TD of the game. But Hostetler

rought West Virginia right back

7 to Sooners tied the game, 27-

27, late in the third period when comerback Darrell Songy blocked a punt and safety Keith Stanberry

ran the ball into the Mountaineer

Hostetler is a junior who trans-

ferred from Penn State last year.

For a guy who had never taken a

snap for West Virginia and then to come out and do what he did."

said West Virginia Coach Don Nehlen. I just don't have the

It was the first opening-game loss for Barry Switzer in his 10 years of coaching at Oklahoma.

Penn St. 39, Maryland 31

In University Park, Pennsylva-

nia, Todd Blackledge threw for

four touchdowns, including a 23-

yarder to Gregg Garrity for the go-

right words to describe it."

20-14 halftime edge.

ssessions. The Mountaineer de-

Hostetler threw for a total of

touchdown. The. Bengals added field goals of 43 and 25 yards from Houston only barely averted a shutout, as Gifford Nielsen threw

a 38-yard TD pass to Mike Holston in the final period with the Oilers trailing 27-0. Cardinals 21, Saints 7

In New Orleans, quarterback Neil Lomax set up a first-quarter touchdown and threw a 12-yard third-period scoring pass to wide receiver Pat Tilley to lead St. Louis

Vikings 17, Buccaneers 10 lift Penn State over Maryland, 39-NORMAN. Oklahoma - Quart- 31. The losers' Boomer Esiason croack Jeff Hostetler threw for, had scoring passes of 50 and 60 fouchdown passes to lead u yards to with receiver Rus ranked West Virginia to a 41-27 Davis, who set a school record

with seven receptions for 100 Georgia 17, Brigham Young 14

Georgia its 17-14 squeaker over Brigham Young. Steve Young completed 22 of 46 passes for 285 yards for the Cougars but was in-tercepted six times. The Bulldogs' Herschel Walker carried 31 times for 124 yards and one TD.

Nebraska 42, Iowa 7

In Lincoln, Nebraska, Turner Gill threw two scoring passes and 1-back Mike Rozier rushed for 127 With one of its fastest wishbone yards to help Nebraska run up a 42-7 trouncing of lown. Gill com-pleted nine of 16 passes for 144 yards, including TD passes of 41 yards to Irving Fryar and 9 yards to Todd Brown.

Alabama 45, Georgia Tech 7 In Atlanta, Walter Lewis passed and ran for 165 yards to pace Ala-bama's 45-7 walkover of Georgia

Michigan 20, Wisconsin 9

two TDs to pace Southern Meth-odist's 51-7 shelling of Tulane. Dickerson became the second SMU player, and the eighth in Southwest Conference history, to gain more than 3,000 yards in a ca-

Vender J., W. Karthschy & Halfy Crass St. New Horspehin Mater 14. Lettight & Harry 30, Vhysinia 16 Panti St. 39. Moryland: 31 Roods Island 39. Lettywite 10 34. Johns, NY 24. Fordham 9 Tentinia 19. CFL Standings

W L T Pts. PF PA 5 3 1 11 233 223 1 7 9 2 95 247 WESTERN DIVISION

NASL Playoffs

SEMIFIKALS East, 4 — Fort Lauderdole 2-Septile i Sept. 8 — Septile 4-Fort Louderdole 3 Sept. 18 — Septile 1, Fort Lauderdole (Secrete value service, 3-0

Secrete value service, 3-0

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Oklahoma Upset, 41-27

In Athens, Georgia, Kevin But-ler locked a 44-yard field goal with 71 seconds left in the game, giving

In Ann Arbor, Michigan, tail-backs Lawrence Ricks and Rick Rogers scored on short runs and quarterback Steve Smith added a 6-yard touchdown run to carry Michigan to a 20-9 victory over

SMU 51, Telane 7 In Irving Texas, tailback Eric Dickerson ran for 183 yards and

Alphoma 45. Georgio Tech 7
Auburn 25. Weste Fornat 18
Fiorido 17. Southern Cot 9
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Kenses St. 23, Kentucky Missouri ZL Army 16 Veincosko 42, Vones 7 Onie 32, 21, Baylar 14 Stanford 35, Pontue 14 Taletta 31, Ball St. 14 SOUTHWEST

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Air Force 44, Son Diego St. 12 Arizono 31, Oregon St. 12 Arizono SE 21, Ultoh 10 California 31, Colorado 17 Colorado St. 7. Wytoning 3

erback for the Saints - the first Lomax finished with 10 comple-

tions in 17 attempts for 92 yards. It was a 16-yard pass to tight end a fumble recovery. Doug Marsh that set up a 1-yard scoring plunge by fullback Wayne Morris in the first quarter, Cardinal halfback Ottis Anderson scored on a 5-yard sprint in the third quarter.

Stabler, acquired by New Orleans a little over two weeks ago, finished with 19 completions on 26 attempts for 207 yards, including a 22-yard touchdown pass to rookie, vide receiver Kenny Duckett.

In Minneapolis, quarterback

Tommy Kramer passed for 131 yards and one touchdown and Rick Danmeier kicked a late field goal to give the Vikings a 17-10 victory over Tampa Bay. The lc s nullified the effort of Bue quarterback Doug Williams, who com pleted 21 of 37 passes for 290 yards. Kramer was 16 of 28 for 131

The Vikings were forced to give up the ball with 3:13 left, but Tampa Bay's John Holt bobbled the punt and Minnesota's Jim Hough recovered on the Tampa Bay 21, setting set up Danneier's 33-yard field goal.

Falcons 16, Giants 14 In East Rutherford, New Jersey, Mick Luckhurst kicked a 29-yard field goal with 58 seconds remaining to lift Atlanta to a 16-14 tri-

The Falcons closed in on the Gitime in 12 years that New Orleans' ants when safety Boh Glazebrook Arehie Manning has been picked up a final-quarter fumble by Lenn Perry on the Atlanta 9yard line and ran it back 91-yards for a touchdown, a club record for

Bills 14, Chiefs 9 In Orchard Park, New York,

quarterback Joe Ferguson threw first-half touchdowns to Frank Lewis and Jerry Butler to lead the Buffalo Bills to a 14-9 victory over Kansas City. The Bills tonk a 7-3 lead on

Lewis' 20-yard reception 11 minutes into the game. The Chiefs scored the first two times they had the ball on long field goals by Nick Lowery; Lowery also hit a 42yarder midway through the fourth

Packers 35, Rams 23

In Milwaukee, Lynn Dickey threw two fourth-quarter touch-down passes 17 seconds apart to ers defeated he Los Angeles Rams, 35-23.

Diekey hit tight end Paul Coff-man with a 10-yarder with 11:12 to play, moments after linebacker Guy Prather recovered a Robert Alexander fumble on a kick return. The score, giving the Packers a 28-23 lead, came on the heels of a 15yard scoring pass from Dickey to James Lofton as the Packers drew to within 23-21 of the Rams, who led 23-0 at halftime. Eddie Lee Ivery, who rushed for 109 yards on 17 carries, capped the scoring with a 27-yard burst up the middle with 3:06 remaining.

umph over the New York Giants.

SPORTS BRIEFS

East German Women Set Relay Mark

Compiled by Our Staff From Dispatches ATHENS — The East German 1,600-meter women's relay team set a world record of 3 minutes, 19.08 seconds at the European track and field championships here Saturday, Kirsten Siemon, Sabine Busch, Dagmar Ruebsam and Marita Koch clipped .15 of a second off the old mark, set

by another East German team at the 1976 Olympic Games. Gerard Nijboer of the Netherlands won the men's marathon Sunday, the competition's final day, with a time of 2 hours, 15 minutes and 15.9 seconds; Armand Parmentier of Belgium took the silver and Karl Lismont of Belgium the bronze. Rosa Mota of Portgual won the wom-en's marathon in 2:36.03.94, followed by Laura Fogli of Italy

(2:36.28.14) and Ingrid Kristiansen of Norway (2:36.38.49).
Other winners Saturday: Thomas Wessinghage of West Germany, 5,000 meters, 13:28.90; Steve Cram of Britain, 1,500 meters, 3:36.49; Dietmar Mögenburg, West Germany, high jump, 7 feet 6½ inches (about 2.26 meters) and Thomas Munkelt, East Germany 110-meter high hur-

New Zealand Wins Rugby Series

AUCKLAND, New Zealand - Fullback Alan Hewson set a record for points in a test match between major rugby union countries with a try, a drop, five penalties and two conversions against Australia Saturday. New Zealand won the match, 33-18, pr ! the three-match series.

Other All Black points came on a try by Mark Shaw and a drop by Wayne Smith. For the Wallabies — who lost the first test Aug. 14 in Christchurch, 23-16, and won Aug. 28 in Wellington, 19-16 — Rozer Gould scored a try and kicked three penalties and a conversion and Michael Hawker scored with a drop. Hewson's 26 points broke the record of 24, set by New Zealand's

Fergie McCormick against Wales in 1969.

McCullough Leads U.S. Golf by 1

SUTTON, Massachusetts — Mike McCullough shot a five-under-par 66 Saturday to take a one-shot lead over George Archer and Peter Jacob-sen after three rounds of a Professional Golfers' Association tournament here. McCallough has a three-round total of 202, 11 under par. Arther and Bob Gilder, with 134s, had led McCullough by two strokes after Friday's second round. Archer bogeyed Saturday's final two holes for his 69/203; Jacobsen

matched McCullough's third-round 66. Brad Bryant, with a 64, was tied NBA Bucks Get Cowens from Celtics

MILWAUKEE - Former Boston Celtic star Dave Cowens was traded to the Milwankee Bucks Friday for Quinn Buckner. Cowens, 33, retired just before the start of the 1980-31 National Baskethall Association season. Cowens reportedly signed a two-year contract with the Bucks.

Milwankee has won the Central Division title for the last two years, only to falter in the playoffs against bigger teams. Coach Don Nelson said Cowens, at 6-font-9 and 230 pounds, will give the club the power forward it needs. Cowens, a seven-time all-star, played 10 years for the Celtics and averaged 18.2 points and 14 rebounds per game. Buckner, 28, had started every game he played under Nelson for six

years and is considered one of the top point guards in the league. Celtic point guard Nate Archibald will be 35 before the season ends.

Purates 10, Phillies 9

Compiled by Our Staff From Dispatches CHICAGO — Pitcher Scott Sanderson's first major league home run — a grand-siam — helped the Montreal Expos defeat the Chicago Cubs, 10-6, here Saturday. Sanderson's homer capped a six-

run third inning; Al Oliver also hit a home run in the inning and added a two-run double in a three-run eighth. Sanderson (10-11) struck out 10 batters, equaling his five-year-career high, during 6½ inn-ings' work. Woodie Fryman went the rest of the way for his 11th

Oliver led off the Expos' big in-ning with his 21st homer of the year. Gary Carter singled of Randy Martz (9-9), went to second when Tim Wallach was hit by a pitch and scored on Chris Speier's single. Doug Flynn's single loaded the bases before Sanderson hit a 1-I pitch into the right-field bleach-

Reds 4, Braves 3

In Atlanta, Mario Soto scattered nine hits and Dave Concepcion hit a three-run home run to help Cincinnati break a seven-game losing streak with a 4-3 victory over the Braves.

Dodgers 5, Astros 3 In Houston, Dusty Baker hit a two-run homer and pitcher Jerry Reuss contributed a run-scoring double in helping Los Angeles down the Astros, 5-3.

Compiled by Our Staff From Dispatches

MONZA, Italy - Rene Arnoux of France, in a turbocharged Re-

nault, led from the start and won

Sunday's Italian Grand Prix For-

inula One auto race, the next-to-last event of the 1982 world cham-

Arnoux covered the 52 laps and

187.4 miles (about 301.6 kilome-

ters) in one hour 22 minutes and

25.73 seconds. The turbocharged'

Ferraris of Frenchman Patrick

Tambay (14 seconds behind Ar-

noux) and Mario Andretti of the

United States finished second and

third, respectively. John Watson of

Britain was fourth in a McLaren,

keeping alive his chances for the

Keke Rosberg of Finland has a nine-point lead in the overall

standings; a victory is worth nine

points, so if Watson wins in Las

Vegas on Sept. 25 and Rosberg

fails to score a point - as he did

Sunday - both drivers would end

the season with 42 points. Wil-

liams would then claim the title on

world driving title.

pionsliip.

Arnoux Leads From Start

To Win Italian Grand Prix

In Pittsburgh, Bill Madlock hit reliever Ron Reed's first pitch for a home run leading off the ninth to lift the Pirates to a 10-9 decision over Philadelphia Cardinals 6, Mets 3

In St. Louis, George Hendrick hit his first homer since July 31 BASEBALL ROUNDUP

and Josquin Andujar and two relievers combined on a seven-hitter to lead the Cardinals past New

Giants 8, Padres 3 In San Diego, Tom O'Malley and Johnnie LeMaster each drove in two runs and Al Holland pitched four innings of hitless re-lief as San Francisco defeated the

Padres, 8-3. Orioles & Indians 1

In the American League, in Cleveland, Eddie Murray drove in three runs with a two-run double and a single to pace Baltimore's 8-I laugher over the Indians. White Sox 2, A's 0

In Oakland, California, Carlton Fisk hit a two-run home run to help Jerry Koosman and Salome Barojas combine on a six-hitter as Chicago blanked the A's, 2-0. Red Sox 13, Tigers 3

In Boston, Gary Allenson batted

in five runs and the Red Sox took

ter taking the lead on the first lap. Andretti was 48 seconds off the

"This is very satisfying," said a smiling Arnoux said, recalling that

he was leading at Monza in 1980

The turbocharged Brabbams of

current champion Nelson Piquet

and teammate Riccardo Patrese

were out of the race after eight

laps. Piquet, a Brazilian, had been

second fastest in pre-race time tri-

als and Patrese was fourth fastest.

ITALIAN GRAND PRIX

1. Rene Arnous, France. Rensult, 1 hour, 22 minutes, 25,734 seconds; gverage speed 219.5 lph

(23.37 mph),
2. Potrick Tomboy, France, Perrori, 1:22.197.
3. Morfo Andretti, U.S., Ferrori, 1:23:141.
4. John Watson, Britole, McLaren, 1:23:535.
5. Michele Alboretti, Italy, Tyrrell, one lop.
4. Eddie Chenver, U.S., Tethet Lisber, one lop.
7. Niest Monsell, Britolin, Lahus, one lop.
8. Kalus Rosbers, Finland, Williams, Ivan lopi.
8. Elitent Selever, Chill. A TS. has lond.

More Sports

On Page 19

when his engine blew up.

pace in third.

((34.39 moh).

In Anaheim, California, Rob Wilfong drove in two runs with a

first-inning single and California went on to beat Toronto, 4-1, behind Ken Forsch's four-hitter. Royals 9, Twins 3

Angels 4, Blue Jays 1

In Kansas City, Missouri, Frank White drove in two runs and Hal MeRae homered, becoming the Royals' all-time single-season RBI leader in a 9-3 victory over Minne-sota. McRae's 24th home run of

Yankees 14, Brewers 2 In New York, Dave Winfield

had a three-run homer and an RBI single and Dave Righetti pitched a five-hitter as the Yankees trounced Milwaukce, 14-2.

Rangers 5, Mariners 2 In Arlington, Texas, George Wright, Pete O'Brien and Larry Parrish hit hases-empty sixth-innine home runs to carry Texas to a

Friday and Saturday Baseball Line Scores

Friday's Results

110 101 200-4 13 0 000 001 030-4 7 0 Morris. Lopez (9) and LM.Porrish: Eckers-ley, Aponte (7) and Allenson, Gedman (9), W-Morris. 76-14. L—Eckersley, 12-13. HRS—Dehrelt, Whitsker (14), Wockertuss (5), Lemon (13), Bos-

McGreer, G.Davis (4), T.Martinez (5), Shev-ort (1)(and Demper); Borker, Glym (6), Selliner (1)1 and Bondo, Hossey (2)1, W-Stev-ort, 9-7, L.—Selliner, 12-9, HR.—Baltimore, Murart, 8-7, L—Spilliner, 17-9, Hk—Bollmark, Not-rity (28).

Chicope 201-9 11 2

Ookland 000 016 629-3 5 1

Lome, Kern (M, Lyle (9) and Fisk, Hill (9):

Norris, Hanna 13i, D'Aquisto (A) and Korney.

W—Lome, 9-7, L—Morris, 7-10, HRs—Chicope.

Kemp 2 (16), Betnes (21), Fisk (13), Ookland,

Al Druis (1)

M.Davis (1). Leal, D.Morroy (6) and B.Martinez: Zahn and loone. W.—Zahn. 16-7, L.—Leat. 10-13. NATIONAL LEAGUE

New York 000 100 US-2 9 1
SILouis 000 001-1 3 0
Swan, Orasco (7) and Hedges; Stuber, Bair
(8), Kool (9), Lahli (9) and D. Porter, W.-Swan,
9-6. L.—Stuper, 6-6. HRa—New York, Kingman
(257, SILouis, K. Harnondez (77). 011 100 000-3 4 2 700 010 000-2 8 2

Heaton, Forster (5), Stewart (6), S.Howe (8), ladentuer (9) and Sciescia, Yeaper (9); Ryan Niedeniver (1) ded Sciescia, Yeaser (1); Ryan and Ashby, W.-S.Howe, 7-4. L.—Ryan, 14-11, HR.— Las Angeles, Hoolon ((). 800 291 820-5 11 7 690 109 500-1 6 1 Breining and Brenly; Dravecky, Lucas (8), Griffin (8), Chiffer (8) and T. Kennedy, W—

Pitcher Hits Grand-Slam, Expos Beat Cubs, 10-6 advantage of seven errors and 11 the season, leading off the second, walks to drub Detroit, 13-3.

Angels 4, Blue Jays 1 the season, leading off the second, gave him 119 RBIs, eclipsing the 118 by George Brett in 1980.

5-2 victory over Scattle.

Saturday's Results nson, 10—13. 810 100 018— 3 11 400 625 20x—13 18 (6), Poshnick (6), James (7) and Parrish, Fehrn non, Barolas (9) and Fisk; Codina

Koesman, Barolas (9) and Fisk; Cadirali
Beard (9) and Kearney, W.—Koesman, S.4. L.—
Codirali, 0-1. HR.—Chicoso, Fisk (14).
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Viola, Fetton (5), D.Cooper (7) and Loudner Leonard, Gutsenberry (8) and Watton, W-Leonard, 10—4 L—Viola, 4—6, HRs—Minnesott

200 030 000--5 10 001 100 100--3 7 Houston Reuss, Howe anima Yea

PHISDURGH
Kruikow, Former (2), Bohnsen (54, Altimiren
(4), McGraw (8), Reed (9) and Diaz; McWilli
otts, Remo (6), Scurry (6), Sormiento (7)
Telkalve (9) and Pena, W-Telkulve, 11—8. LRocal, 4—5. HRS—Philadelahla, Schmidt (32)
PHISDURGH, Madiock (174. 000 000 003--3 7

Stiouts
Lynch-Sisk (6(, Diez (8) and Hadges; Andula
Lynch (6), Syther (9) and Parter, W—Andula
T2—10, L—Lynch, 3—7, HR3—New York, Kint
man (34), Stiouts, Headrick (77),
San Francisco
500 (30) 000—8
San Dieso
600 000 000—2 (7
Weist, Griffin (5), Hawkins (6), Lucce (6)

ahead score in the third quarter, to U.S. College Football Scores Coloste 31, Connecticut 17 Deloware 33, W. Kentucky 8

Language

'Bloopies' of the Year

WASHINGTON — Every year about this time, Madison Avenue operatives start coating their digestive tracts with antacids - once anti-acids, but the "I" was dropped in 1753 to avoid the clash of vowels, such as still exists in

anti-intellectual - in anticipation of the "Bloopies." The Gold-Plated Chain for Most Stunning use of Sadomasochism in Advertising to Arthur Treacher's fastfood restaurants. for their unforgettable headline: One Dozen



\$3,99." The Financial Redundancy Silver Dollar to Forbes magazine, for Before you invest another dollar. mail the card below first."

The Mom-'n'-Pop Humanitarian Noncorporate Flesh-and-Blood Purple Heart to those companies which present themselves as agglomerations of nice human beings, an award shared by Weyeuser Lumber ("the tree-grow-people"), Eastern Airlines ("the people of Eastern welcome you") and General Motors ("People Building Transportation tn Serve People").

The Never-Sample-the-Product-While-You're-Writing-the-Copy Crystal Shot Glass to Irish Mist liqueur, far "Give someone a bottle of Irish Mist and you give them hills that roll forever, lakes that radiate light . . ." First runner-up in this category is Howard Jnhnson's restaurants, which ask patrons to fill out a card reading: "Did the server introduce themself by

The Two-Dollar-Word Glittering Tiara to Time Inc., for listing under "Present Imperative" such verbs as "background" and "source," now acceptable in journajargon, and adding the tony "asseverate." The nominator, Paul Janensch, executive editor of The (Louisville, Kentucky) Courier-Journal and The Louisville Times, says, "Asseverate means assert," (Time had another entry from its records division, advertising a Chopin recording that "would assure his immortality for all time.")

The Huge Octavo Statuette of Charles Darwin to New American Library, for its advertisement of Irving Stone's "The Origin" as "a hardcover-size paperback."

The Old Suffragette Button for Sexism That Sells to Mercedes-Benz, for "Makes better drivers -of aficionados and housewives

IN A PIECE on the need for new words to cover familiar situations. I advertised for a neologism to mean "the in-laws of your children." In Yiddish, the relationship is denoted by the word machetunim, derived from the Hebrew noun phiral of mechatanim, "related by marriage."

In passing, I derogated the sup-posed need for new words to cover highly specialized relationships, shrugging off the query from a reader who wanted to know what to call "an ex-wife with whom one was having an affair." However. since most of the mail came in with suggestions for that query and not mine, let me pass them

"A divorced couple, neither of whom has chosen another mate," writes L. Sprague de Camp of Villanova, Pennsylvania, "are quite likely to continue sporadic sexual relations, at least until one or the other sets his sights on someone else. How about amorex? When the affair is broken off, the amorex would become an ex-amorex."

"Because I am having an affair with my ex-husband," writes an Arizona woman, "I have three suggestions." Conjugate, as a noun, is one; the others, interspersed with embarrassing and unpage. with embarrassing and unnecessary confidences, are paramate and

Other submissions are marry-goround, mistrex (limited to the female) and expousal. Perhaps the best is spousetress for the female, spouster for the male.

Most Lexicographic Irregulars let me down on "the relations of your married children," but Gene Fried of Peekskill, New York, and Arnold Lewin of Cortland, New York, report the word in Spanish to be consuegros. "In-laws" are suegras, and once removed - via your children - they become consuegras. but if we're going to use a foreign word, we might as well stick to machetunim.

Most suggestions included out-laws, but that is not conducive to good relations with the kid's new

The best idea for a name for your children's relatives: Kinderkin. Let's see if it flies; it's a lot more useful than spousetress. New York Times Service

Iceland's First-Name President

By Carla Hall

Washington Post Service WASHINGTON — In Ice-land, the president runs for office but never talks about

That alone would qualify Iceland as an unusual country leaving out other facts like: · All day sun on the summer

solstice in the northern part of the country. · Year-round outdoor swimming due to warm underground

springs. One of the highest per capita incomes among European countries, with even distribution.

 A population of 230,000 and, in the fall, 2 million sheep.
("Iceland without sheep wouldn't be Iceland," says the president.)

"The post of president is absolutely unpolitical" says President Vigdis Finnbogadottir, 52, whose surname means "daughter of Finnbogi," her father having been Finnbogi Rutur Thorvaldsson. "Somebody has to be above these political things. Politics are rather emotional."

In the United States to visit President Ronald Reagan and help launch an nationwide celebratinn of Nordic culture, the president of Iceland possesses handsome Nordic looks, and she is called by her first name, as are

'It Seems So Strange'

"I see written 'President Finnbogadottir,' and it seems so strange," she says, sitting in her hotel suite. "It doesn't exist." In Iceland, surnames - dennting daughter or son of someone mean nothing. In the phone book, full names are listed alphabetically by first name.

She was approached about running for president in 1980. At the time she was director of the Reykjavik Theater Company.
"You see in Iceland, you do not wake up one morning and think,"I want to become president." she says. "The tradition is that someone comes to you and asks you to stand. They see something in the person whom they want to represent the country. I said in the campaign that I was not standing for the country. I was standing for the people who wanted me. I was the spokes-

She says that some people had made a conscious decision to search out a woman candidate. There were people who thought



President Finnbogadottir: "Absolutely unpolitical."

it was time that woman should stand," Finnbogadottir says.

The daughter of a civil engineer and professor at the Univer-sity of Iceland and a nurse who was chairman of the Icelandic Nurse's Association, Finnbogadattir had become known for her lectures on Icelandic culture both in Iceland and abroad. If vnters had hesitations about

her being a single, divorced woman with a young daughter, Finnbogadottir sought to dispel them: "If a man is president and he loses his wife, would you ask him to resign?" she asks. "Everybody can become single, again."

She won the election on June

30, 1980. She is the fourth president of the Republic of Iceland, which declared its full independence from Denmark in 1944. Iceland is a country with nn armed forces save a coast guard

and a government so compact that the Foreign Ministry takes up one floor of a government offno one floor of a government of-ice building in the capital city of Reykjavik. "But a large floor," says Finnbogadottir. "It's not two rooms and a kitchen." "It's definitely one of the

smallest foreign ministries," says Olafur Egilsson, chief of protocol, who has accompanied Finnbogadottir on this trip, but it's larger than the State Department in Thomas Jefferson's time."

What does the president do?

"I can't say I sit in a deep chair all day," says Funnbogadottir, mulling over the question and fingering a pair of pinkish brown framed eyeglasses. "I always lind it difficult to describe what I'm doing all day. Gentlemen," she says, turning to the two Icelandic officials sitting with her, "what do I do all day? I receive quite a lot of people - people who have different causes. Anybody in Iceland can make an appointment to see the president."

'Difficult to Describe'

And one wouldn't have to wait too long. "If you invented a new boat-safeguarding measure and you wanted me to introduce it in my next speech, I think I would see you this afternoon."

"We have very deep roots," she says. "I have not yet met an Icelander abroad who is not a little homesick. Part of it is this island and part is this language. We are only 230,000 people whn speak it. Every single person is needed to run the country."

Their problems are not unemplovment - they have none, says Finnbogadottir - nr poverty. Instead, they worry about the declining supply of fish, their main export, and fiercely guard their fishing limits, which has twice pitted Icelanders against British standing on a stage now."

fishing vessels in hostilities referred to as the "cod wars."

The image of Iceland as simply a glacial rendezvous point for presidents and chess champions is a faded one. Finnbogadottir points out that student exchanges between the United States and Iceland flourish and fuel enthusiasm for both countries.

Veto Power, Sort of

She signs bills and has the power of veto, although exercising that right is unheard of, "It's first and foremost the democratically elected members of parliament who make the bills," she says. "If for some reason, the bill is vetoed, it goes back to the people for a national vote."

When she has time, she slips out and goes to the theater she used to run. "Even a president has a coffee break in the morning," she says. "It's a three-min-ute walk to the theater and since I am a good friend, they let me sit and watch rehearsals."

She studied French at the University of Grenoble and at the Sorbonne in Paris the late '40s and early '50s — specializing in drama — before coming back to Iceland where she taught French in junior college and on television and was a tour guide. She was al-ways interested in drama. "I was very enthusiastic about avantgarde theater," she says. "I was in the first experimental theater group in Iceland," She was director of the theater company from 1972 to 1980.

She has put much effort into seeking out and encouraging new loclandic playwrights. "The language we speak is the oldest in the region," says Finnbogadottir, who speaks loclandic, French and English, "loclandic is the same as the old Norse spoken 1,100 years ago. Much is written in Icelandic because the word has always been so inspiring. People didn't have so many materials to make things out of. We didn't have wood. We don't have trees in Iceland. The lava has meant there are no good materials with which to make beautiful churches like Notre Dame. That's why we have quite a lot of writers. It was a lot of fun finding writers."

She never wanted to be an actress. "Somehow I never wanted to stand on the stage, which is a very funny thing, since I am

LETTER FROM MOSCOW All the Lonely People

By John F. Burns New York Times Service

MOSCOW — Like other countries, the Soviet Union has its share of lonely people hoping to find partners in marriage. But years after they became commonplace in the United States and elsewhere "rendezvous" clubs, lonelyhearts advertisements and marriage brokers raise questions of propriety here that are still being wrestled with by the authorities.

Recent press articles have indicated that clubs that introduce lonely men and women to each other have long been a quiet feature of Soviet life. The articles have also spoken of "wheeler-dealers with a keen sense of the market" who have defied laws against private enterprise and set up "dating services." Charges are said to have gone as high as 200 rubles, the equivalent of \$275, for an introduction, with a surcharge of 500 rubles, or \$685, if an initial encounter led to marriage. Personal Columns

To these have now been added personal columns in several newspapers that accept advertisements from people seeking partners. The innovators of such services

have had to struggle against the of-ficial prudishness that is a hallmark of Soviet rule. The authorities have also been reluctant to acknowledge that there can be a serious problem of loneliness in a society where "there are no class or economic barriers obstructing personal contacts," as an article in the weekly Literaturnaya Gazeta put

But there is. A survey a few years ago found that there were about 170 women of marriageable age for every 100 men, a disproportion that is partly a legacy of the losses sustained by Soviet armed forces in World War II and partly a result of a preponderance of female births. As a result, a Soviet man looking for a bride starts with the odds heavily in his favor.

But the problem goes beyond the demographic imbalance, as the evening newspaper in Riga, the capital of Latvia, discovered last year when it started a weekly supplement for appeals from lonelyhearts. The newspaper, Balss; was inundated with entries from both sexes, some of them from people living in cities as far afield as Novosibirsk, 2,400 miles away. A survey by a sociology professor at the Latvia state university, Andis La-pinsh, found that those placing the

of between 100 and 200 replies, with one man reporting 903.

For reasons that are rooted in the more tolerant cultures of the : Baltic republics, Soviet social experiments often get their start there. So it has been with the advertisements; which had been running for several months in Riga before they began appearing in newspapers in other cities such as Dneproperrovsk, in the Crimea and Alma-Ata, capital of the Central Asian republic of Kazakhstan.

Literaturnaya Gazeta, a nationally circulated newspaper that made the first stab at the practice with two "experimental" advertisements in 1976, has given the Riga paper full backing. A recent article said that the scope of the venture was plain from the 1976 experiment, which attracted 16,000 replies in two weeks. Yet, the paper said a majority of editors around the country remained resistant to the idea for fear of exposing them-selves to charges of undermining

Generally, the advertisements in the Riga paper have been of a kind that could be found in hundreds of American publications. "A grayeyed blonde wants to make the acquaintance of an earnest man who doesn't drink, should be an intellectual and between 55 and 60 years of age," was one typical one.
According to Voldemar Pupitz,
the editor of the supplement in the

Riga newspaper, a common problem among early advertisers was an exaggeration of their attractions. One woman, identified only as S.I.R. writing from the Baltic port of Kaliningrad, decided after the first respondents to her advertisers. vertisement retreated in disap-pointment that a candid approach would be more fruitful.

"I sent you a registered letter on Oct. 27 with an urgent request to publish my advertisement," she told the paper in a follow-up note. "I most insistently ask you to change its text. I wrote: 'An attractive woman of 34, nondrinking, an engineer, looks for a friend and a father to a boy of 11. I would ask you most sincerely not to print the words attractive and nondrinking. Overall, 8 percent of the women 'attractive' and

and 30 percent of the men surveyed by Lapinsh reported that they had succeeded in "creating a family through their advertisements, as Literaturnaya Gazeta coyly phrased it.

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